

## **FNADE'S POSITION**

### **Draft Guidelines on State aid for climate, environmental protection and energy (CEEAG)**

*July 2021*

**FNADE (French private companies association for waste management) would like to thank the European Commission for the opportunity to comment on the revised Climate, Energy and Environmental Aid Guidelines (CEEAG), published in June 2021. FNADE highly supports the work of the Commission to widen the scope of the Guidelines, and to allow the participation of other sectors, technologies or projects that can all contribute to Green Deal objectives.**

**FNADE would like to point out that the recycling and waste-to-energy sectors are not included among the activities eligible for aid in the form of reductions from electricity levies for energy-intensive users (under section 4.11 and related list in Annex I to the guidelines), whereas it is a strong asset in the environmental protection. It is essential to include the waste management sector as a whole to ensure a level-playing field.**

Recycling and waste-to-energy activities play a key role in our economy, notably in achieving the objectives of the new Circular Economy Action Plan and, more generally, of the Green Deal.

- Recycling activities turn waste into resources, thereby entailing significant “avoided emissions” compared to manufacturing from raw materials. Thus, it would be coherent to include the recycling sector in the list of energy-intensive users eligible for reductions from electricity levies under NACE code 3882 (Annex III to EEAG). Not including the waste management sector in the eligible list would lead to a lack of level playing field as recycled products would be less competitive compared with products made of virgin materials. It would also result in a lack of incentives for the incorporation of recyclates and would give an unfair advantage to raw materials deriving from more energy-intensive manufacturing processes. A proper assessment on the role state aid can play with regards to activities directly competing with recycling, notably manufacturing of primary raw materials, is essential.
- Plastics recycling plays a key role in transitioning towards a more circular economy. Yet, plastic recycling is not included in Annex I even though manufacture of plastics in primary form is (NACE CODE 20.16). The description of NACE CODE 20.16 explicitly excludes the manufacturing of plastics from mechanical recycling. This would exclude the use of plastics recyclates. It is thus essential to ensure that manufacture of plastics in primary forms expressly includes the manufacturing of plastics in primary form by mechanical recycling of plastic waste among the supported sectors covered by section 4.11.
- Waste-to-Energy activities play a crucial role in the circular economy by treating residues from recycling processes but also by decarbonating electricity and heating systems, improving energy efficiency, use of local and renewable sources. Considering the new European Green Deal targets, the CEEAG should continue to support WtE improvements in heat utilisation and energy efficiency through district heating and industrial steam projects. Also, WtE is a way to produce clean Hydrogen for low carbon transport. The European WtE sector is largely offsetting its fossil CO<sub>2</sub> emissions while helping to decarbonize our economies.

FNADE thinks it is fundamental to open the possibility of support to an entire sector or all undertakings facing the same environmental challenge (such as the waste management sector as a whole) to ensure a level playing field and minimise competition distortions. Also, the different sectors are complementary to one-another and need each

other to perform the best. As stated in the text of the draft guidelines, eligibility for state aid should be based on the positive contribution to the Green Deal objectives. Therefore, **we urge the European Commission to include the aforementioned waste management activities in annex I (related to section 4.11), as to make it eligible for aid in the form of reductions from electricity levies for energy-intensive users.**

FNADÉ (French private companies association for waste management) is the umbrella association representing environmental industries in France. With 223 private member companies operating in the field of waste management, it represents 47,886 employees in France. 9.1 billion euros in turnover and 768 million euros in investment. It is a member of the European Federation of Waste Management and Environmental Activities (FEAD).