Title: **EU Emissions Trading Scheme - transposing Directive (EU) 2023/959 amending Directive (EU) 2003/87/EC implemented by The Greenhouse Gas Emissions Trading Scheme Regulations 2012 which is expanding the scope of the EU ETS to include energy from waste (EfW).**	**Regulatory Impact Assessment (RIA)** **Date:** **Type of measure:** Secondary Legislation
Lead department or agency: **Department of Agriculture, Environment and Rural Affairs (DAERA)**	**Stage:**Final **Source of intervention:**Domestic NI
Other departments or agencies: **N/A**	**Contact details: Carbon Pricing and Windsor Framework Team** Patricia.Hutchinson@daera-ni.gov.uk Tamara.Ferguson@daera-ni.gov.uk

Summary Intervention and Options

What is the problem under consideration? Why is government intervention necessary? (7 lines maximum)
Directive (EU) 2003/87/EC (EU ETS) was implemented in the UK through the Greenhouse Gas Emissions Trading Scheme Regulations 2012 which were amended in 2020 to apply to electricity generation in Northern Ireland only to protect the Single Electricity Market; under Article 9 and Annex 4 of the Windsor Framework. DAERA is responsible for implementing relevant amendments to the EU ETS affecting electricity generation. The EU expanded the EU Emissions Trading System (ETS) under Directive (EU) 2023/959 with the inclusion of energy from waste (EfW), requiring NI to transpose these provisions into domestic legislation. This is a legal requirement as it falls under Windsor Framework requirements and is necessary for the joint operation of the Single Electricity Market (SEM) on the island of Ireland.

What are the policy objectives and the intended effects? (7 lines maximum)
From 2024 the EU ETS expanded the scope of the scheme to include EfW on a monitoring, reporting and verification basis (MRV) only. This will affect one municipal waste incinerator in Belfast with potential to affect future operators in scope. The scheme will require waste incinerators to carry out mandatory MRV which aims to measure and verify emissions from waste incineration ahead of future full inclusion in the EU ETS to incentivise decarbonisation. ETS is a carbon reduction policy designed to drive emissions reductions across regulated sectors. NI Electricity Generators continued participation in EU ETS and now EfW inclusion will support NI in the achievement of statutory commitments as set out under the Climate Change Act (Northern Ireland) 2022 and the WF.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base) (10 lines maximum)
Option 1 (Do nothing) – This option would result in the NI Statute book being out of date as the amendments to the EU ETS via Directive (EU) 2023/959 in compliance with the WF in respect to energy from waste installations would not be transposed into domestic regulations, therefore NI waste incinerators would not be included in the EU ETS. There is also a risk that failure to introduce legislation to ensure continued compliance with the Windsor Framework could lead to EU infraction proceedings, which may result in financial penalties.

Option 2 (Preferred option) - Amending the Greenhouse Gas Emissions Trading Scheme 2012 Regulations to implement the relevant provision from amending Directive (EU) 2023/959 is a statutory obligation under the WF. This involves including MRV of waste incinerators within the EU ETS and updating the surrender deadline for existing ETS operators.

Will the policy be reviewed? It will be reviewed	**If applicable, set review date:** 2031

Cost of Preferred (or more likely) Option		
Total outlay cost for business £m	**Total net cost to business per year** £m	**Annual cost for implementation by Regulator** £m
£0.076m	£0.015m	£0m

Does Implementation go beyond minimum EU requirements?	**YES** ☐	**NO** ☒

Is this measure likely to impact on trade and investment?			**YES** ☐	**NO** ☒
Are any of these organisations in scope?	**Micro** Yes ☒ No ☐	**Small** Yes ☒ No ☐	**Medium** Yes ☒ No ☐	**Large** Yes ☒ No ☐

The final RIA supporting legislation must be attached to the Explanatory Memorandum and published with it.

Approved by: Date:

Summary: Analysis and Evidence Policy Option 1

Description: Failure to implement MRV of Energy from Waste into NI regulations from Directive (EU) 2023/959

ECONOMIC ASSESSMENT (Option 1)

Costs (£m)	**Total Transitional (Policy)** (constant price)	Years	**Average Annual (recurring)** (excl. transitional) (constant price)	**Total Cost** (Present Value)
Low				
High				
Best Estimate				

Description and scale of key monetised costs by 'main affected groups' Maximum 5 lines

N/A

Other key non-monetised costs by 'main affected groups' Maximum 5 lines

By not implementing MRV for energy from waste into NI regulations there would be a risk of non-monetised environmental costs. MRV allows for emissions from waste incineration to be accurately measured and reported to help inform policymakers when considering options to support reduction of emissions from energy from waste. The lack of accurate emissions data could hinder progress with decarbonisation in achievement of statutory emissions reduction targets. If NI fail to comply with the EU ETS expansion to energy from waste under their WF obligations and to ensure the operation of the single electricity market, this may result in the commencement of EU infraction proceedings.

Benefits (£m)	**Total Transitional (Policy)** (constant price)	Years	**Average Annual (recurring)** (excl. transitional) (constant price)	**Total Benefit** (Present Value)
Low	**Optional**		**Optional**	**Optional**
High	**Optional**		**Optional**	**Optional**
Best Estimate				

Description and scale of key monetised benefits by 'main affected groups' Maximum 5 lines

If NI fails to implement incorporation of energy from waste under the EU ETS this would mean that no additional cost would be incurred to waste incinerators in NI due to the costs of complying with the MRV process. However, this would create disparity between municipal waste incineration (MWI) facilities generating electricity for the SEM in the Republic of Ireland as they must comply with this requirement.

Other key non-monetised benefits by 'main affected groups' Maximum 5 lines

N/A

Key Assumptions, Sensitivities, Risks Maximum 5 lines

The EU ETS expanded to the include energy from waste and under domestic regulations NI should require waste incinerators to carry out mandatory monitoring, reporting and verifying (MRV). This is a legal obligation under the Windsor Framework to protect the joint operation of the single wholesale electricity market on the island of Ireland.

BUSINESS ASSESSMENT (Option 1)

Direct Impact on business (Equivalent Annual) £m				
Costs:N/A	**Benefits:N/A**	**Net:N/A**		

Cross Border Issues (Option 1)

How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland) Maximum 3 lines

MRV for waste incineration has already come into effect across all Member States including ROI from 1st January 2024. By not including NI waste incineration in the EU ETS, we will fail to meet our WF obligations and risk the effective operation of the SEM between NI and ROI.

Summary: Analysis and Evidence Policy Option 2

Description: Windsor Framework Implementation to implement MRV of Energy from Waste into NI regulations from Directive (EU) 2023/959

ECONOMIC ASSESSMENT (Option 2)

Costs (£m)	Total Transitional (Policy) (constant price)	Years	Average Annual (recurring) (excl. transitional) (constant price)	Total Cost (Present Value)
Low	**£0.019m**	**5**	**£0.013m**	**£0.065m**
High	**£0.021m**		**£0.015m**	**£0.074m**
Best Estimate	**£0.02m**		**£0.014m**	**£0.069m**

Description and scale of key monetised costs by 'main affected groups' Maximum 5 lines

The introduction of MRV for waste incineration will affect one NI operator at present. It is expected the operator will incur a one-off resource cost in the development of a monitoring plan. Recurring resource costs over the expected 5 years of MRV will include for the preparation of Annual Emission Reports (AER), for Consultancy support from external company and for internal management time apportionment. Other costs are to include supporting the operator with periodic reviews. MRV requires verification of the AER from a 3rd party verification body, this is expected to cost between 3 and 5 thousand pounds a year over the 5 years.

Other key non-monetised costs by 'main affected groups' Maximum 5 lines

This incinerator does incinerate waste from all councils in Northern Ireland therefore the risk of cost pass through from the costs in this economic assessment must be considered, these have been assessed further in the evidence base where data available has been used to estimate cost pass through, although with many different factors it is difficult monetise the cost at this time, with the analysis carried out in the evidence base this is not believed to be significant.

Benefits (£m)	Total Transitional (Policy) (constant price)	Years	Average Annual (recurring) (excl. transitional) (constant price)	Total Benefit (Present Value)
Low	**Optional**		**Optional**	**Optional**
High	**Optional**		**Optional**	**Optional**
Best Estimate				

Description and scale of key monetised benefits by 'main affected groups' Maximum 5 lines

N/A

Other key non-monetised benefits by 'main affected groups' Maximum 5 lines

Implementing MRV for energy from waste is essential for monitoring progress towards emissions targets. It establishes a process of monitoring emissions by way of a monitoring plan undertaken by the operator to produce an annual emissions report at the end of each calendar year. The report must be checked by an accredited verifier and submitted to the regulator to assess its accuracy.

Key Assumptions, Sensitivities, Risks Maximum 5 lines

Municipal waste incineration with energy recovery has become an increasingly relevant option in NI due to landfill capacity constraints and residual waste exports, however, must be considered in the context of decarbonisation targets. This option includes MRV of waste incinerators applying a minor cost and impact on the NI waste sector. The sole NI municipal waste incinerator must carry out MRV requirements to ensure the operation of the SEM and ensuring DAERA meet their ongoing WF obligations. It will have no additional burden on the department or NIEA as regulator who will absorb the impact as business as usual. The risk here is minor and managed due to this impact affecting one waste incinerator in Belfast. Taking part in a mandatory MRV period will likely cause a small increase in costs for that one facility.

BUSINESS ASSESSMENT (Option 2)

Direct Impact on business (Equivalent Annual) £m		

Costs: £0.015m	**Benefits:N/A**	**Net:0.015m**		

Cross Border Issues (Option 2**)**

How does this option compare to other UK regions and to other EU Member States (particularly Republic of Ireland) Maximum 3 lines

The preferred option introducing mandatory MRV for NI waste incinerators for the EU ETS has already come into effect across all EU Member States including the Republic of Ireland from 1st January 2024 and will ensure the continued operation of the SEM, meeting the obligations as set out under Article 9 and Annex 4 of the WF.

Evidence Base

There is discretion for departments and organisations as to how to set out the evidence base. It is however desirable that the following points are covered:

- Problem under consideration;
- Rationale for intervention;
- Policy objective;
- Description of options considered (including do nothing), with reference to the evidence base to support the option selection;
- Monetised and non-monetised costs and benefits of each option (including administrative burden);
- Rationale and evidence that justify the level of analysis used in the RIA (proportionality approach);
- Risks and assumptions;
- Direct costs and benefits to business;
- Wider impacts (in the context of other Impact Assessments in Policy Toolkit Workbook 4, economic assessment and NIGEAE)

Inserting text for this section:
Text can be pasted from other documents as appropriate.

Evidence Base

Problem under consideration;

Northern Ireland (NI) participates in both the UK and EU Emissions Trading Schemes. Under the terms of the Windsor Framework Article 9 and Annex 4, NI must participate in the EU Emissions Trading Scheme in respect of electricity generation to protect the operation of the single electricity market (SEM) on the island of Ireland. The EU has expanded the scope of its scheme to include energy from waste (EfW) on a monitoring, reporting and verification basis only. DAERA is currently transposing Directive (EU) 2023/959 amending Directive (EU) 2003/87/EC implemented by The Greenhouse Gas Emissions Trading Scheme Regulations 2012 (which were amended in 2020 to apply in Northern Ireland in relation electricity generation as required under Article 9 and Annex 4 of the Windsor Framework (formerly the NI Protocol). This current transposition into domestic legislation includes the expansion of the scope of the EU ETS to include energy from waste (EfW). NI have one municipal waste incineration (MWI) operator which now falls under the scope of the EU ETS.

Rationale for intervention;

This is a legal requirement as it falls under Windsor Framework requirements and is necessary for the joint operation of the SEM on the island of Ireland.

Policy objective;

The EU ETS main aim is to reduce greenhouse gas (GHG) emissions to help the EU meet its climate targets over time and works by setting a cap on the total amount of Greenhouse Gases (GHG) that can be emitted, operators from sectors in scope of the scheme must buy and surrender allowances for each tonne of CO_2 they emit. The scheme aims to promote carbon emissions reduction and decarbonisation through investment in clean, low carbon fuels and decarbonisation technologies. The EU has a 2030 climate target (at least 55% emissions reduction vs 1990 levels) and a long-term goal of climate neutrality by 2050.In NI, the policy aims to ensure continued compliance with obligations under the WF in relation to the SEM and to extend emissions controls to MWI following the 2023 amendments to Directive (EU) 2003/87/EC.

From 1st January 2024, under the EU Emissions Trading Scheme (ETS) emissions must be monitored for municipal waste incineration (MWI) installations carrying out combustion activities and having a total rated thermal input exceeding 20 MW. Installations must complete monitoring, reporting, and verification (MRV), this means facilities must report their emissions but are not yet required to surrender EU carbon allowances for them. In July 2026 the EU Commission published a Review of the EU ETS, this included a proposal to bring EfW and waste incineration into its scope, one of the proposals is for Member States to consider is a form of partial cost exposure, commencing in 2031 with gradually increasing proportions of cost exposure coming in year on year until 2035. An alternative suggested approach for scope expansion to waste is dependent on the individual EU Member States meeting 2 of 3 proposed criteria which will see an opt out scenario as an option, with any form of ETS cost exposure delayed until 2035, but from which point full cost exposure will be applied.

DAERA will amend the Greenhouse Gas Emission Trading Scheme Regulations 2012 amended in 2020 to apply in Northern Ireland in relation to the SEM; as required under Article 9 and Annex 4 of the Windsor Framework to implement the amendments to the EU ETS following amending Directive (EU) 2023/959 bringing the inclusion of EfW into the EU ETS. The intended outcome of this regulation is that NI is now covered within the scope of the EU ETS and hence any NI-based EfW facilities will now be required to MRV their emissions. At present, the impact this will have is a mandatory MRV period for one municipal waste incinerator in Belfast only. The mandatory MRV period for energy from waste is expected to continue whilst the proposals from the above-mentioned EU ETS Review with regards to EfW and waste incineration are considered by EU Member states.
The policy aims for mandatory MRV for energy from waste in the EU ETS include ensuring credible and accurate emissions data among all operators, improving coverage of emissions within the ETS, preparing the EU ETS for full inclusion of waste and carbon pricing of those emissions and improving transparency and accountability within the waste sector and regulators to name a few. Further aims include preparing to integrate waste into the EU's economy wider decarbonisation framework.
The EU call for evidence[1] stated that waste currently accounts for about 3% of the EU's total greenhouse gas (GHG) emissions.

Description of options

Option 1 – Do Nothing
This option makes no changes meaning that the Department would fail to implement the amending Directive (EU) 2023/959 and the inclusion of energy from waste in the EU ETS in NI, as required under the terms of the Windsor Framework Article 9 and Annex 4 The NI statute book would not be up to date and in line with our statutory WF obligations.

Option 2 – Windsor Framework Implementation
This involves including MRV of waste incinerators within the EU ETS for NI, as required under Directive (EU) 2023/959 under the terms of Article 9 and Annex 4 to the Windsor Framework and to implement those provisions into domestic regulations.
This option would apply minor cost and impact on the NI waste sector. It requires the one municipal waste incinerator in NI to carry out a MRV period which is legally required before full inclusion of energy from waste in the EU ETS. This is a legal requirement under the terms of the Windsor Framework and is necessary for the joint operation of the SEM. It will have no burden on the Department, and the impact will be absorbed as business as usual from the regulator NIEA.

Cost Assessment

Costs/Non-monetised costs - Option 1 – Do Nothing

- **Lack of emissions data to hinder progressing emissions targets**

Implementing MRV for energy from waste is essential for monitoring progress towards emissions targets. It establishes a process of monitoring emissions by way of a monitoring plan undertaken by the operator to produce an annual emissions report at the end of each calendar year. The report must be checked by an accredited verifier and submitted to the regulator to assess its accuracy.
By not implementing MRV for energy from waste into NI regulations, the non-monetised cost identified is that as MRV allows for emissions from waste incineration to be accurately measured and reported. Failure to implement MRV would result in evidence gaps in the emissions data which could hinder policy design of future emissions reductions policy for EfW.
The lack of accurate emissions data could hinder progress with decarbonisation and achievement of statutory emissions targets.

- **EU Infraction**

If NI fail to comply with the EU ETS expansion to energy from waste under their WF obligations to ensure the effective operation of the SEM, this may result in commencement of EU infraction proceedings.

Costs/Non-monetised costs - Option 2 - Windsor Framework Implementation

[1] EU emissions trading system for maritime, aviation and stationary installations, and market stability reserve – review

Cost to main affected group/operator:
There is currently 1 operator in NI affected by this change, this operator is already subject to existing emissions reporting requirements under The Pollution Prevention and Control Regulation (NI) 2013 and the E-PRTR Regulation (EC 166/2006), therefore we have assessed the additional administrative burden arising from this regulation change to be limited.
Resource costs have been provided by the operator and estimated over the next 5 years of MRV due to full cost exposure from the EU ETS starting in 2031, which ends the MRV only period. MRV will require annual emission reports from the operator and for these reports to be verified by a third-party verifier. This itself comes with recurring costs over the 5 years stated below.

One off costs:

- Monitoring Plan – this is a transitional cost for support with developing a monitoring plan in 2026 - £6,000

Recurring costs:

- Annual Emission Reports completion - £7,500 – this will make up £4,000 in consultancy support and £3,500 for internal management apportionment

- 3rd Party Verification (essential for AER in MRV process) – between £3,000 and £5,000 - Verification bodies will only provide a proposal once a Monitoring Plan is available.

- Other costs include support for periodic reviews - £2,500

Table 1 – Costs to Operator from MRV implementation

Costs	One off	Reoccuring			Total (top line estimate)
2027	6,000	7,500	3/5,000	2,500	21,000
2028		7,500	3/5,000	2,500	15,000
2029		7,500	3/5,000	2,500	15,000
2030		7,500	3/5,000	2,500	15,000
2031		7,500	3/5,000	2,500	15,000

Source: Estimates provided to DAERA from affected operator

Cost to DAERA:
The waste incinerator in scope is classified as a a municipal waste combustion activity installation within the EU ETS, and the inclusion of one waste operator will place no additional burden on DAERA. The Department are already undertaking, using existing resource, the relevant policy work on an ongoing basis required under their responsibilities relevant to the WF and the operation of the SEM.
Cost to regulator (NIEA):
It is not expected that the inclusion of one additional operator will place a significant additional burden on NIEA. It is also important to note here that NIEA already carry out the regulation of the electricity operators for NI's participation in the EU ETS and as a result, the burden on NIEA is expected to be minor, as only one additional operator will be included.

Benefits Assessment:
Option 1 – Do Nothing
If NI fails to implement energy from waste under the EU ETS this would result in no MRV obligations for waste incineration in NI. This will also mean that no additional cost would be incurred to waste incinerators in NI due to the costs of complying with the MRV process.
Option 2 – Windsor Framework Implementation
The EU has expanded the scope of its scheme to include energy from waste (EfW), on a MRV only basis, from 1 January 2024. The EU generates around 2.5 billion tonnes of waste per year, around 5 tonnes annually per person, with emissions from waste management processes responsible for approximately 6% of the EU's GHG emissions in 2023. The introduction of additional measures linking emission reductions and circular economy policies is important to help accelerate future GHG emissions reductions while increasing circularity and improving waste management.
DAERA

As NI has one operator which now falls under the scope of the EU ETS regarding municipal waste incineration DAERA will meet its legal requirements and responsibilities to comply with the WF under Article 9 and Annex 4 to maintain the operation of the SEM on the island of Ireland.

Benefits>Costs

The overarching aim of the legislation to introduce mandatory MRV to energy from waste operators in the EU ETS is to assist in meeting climate change targets and reduce GHG. Outlined below are the benefits of NI electricity generators participating in the EU ETS thus far and the anticipated environmental benefits from the introduction of MRV to waste incineration. Whilst option 1 is the lowest cost option for DAERA, it will not assist with achievement of climate objectives for NI, nor protect the operation of the SEM. The Department will fail to comply with its WF obligations and to implement the required domestic legislation in NI.

As stated, NI currently participates in the EU ETS in the electricity sector in respect of 6 electricity generators. The data below shows that the emissions from the electricity generators in the EU ETS as a percentage of NI's emissions have decreased 10% since 2005.

Table 1.2 - Northern Ireland Electricity Generators in the EU ETS as a % of NI Total Emissions, 2005-2024 & Year-on-Year % decrease

Year	Northern Ireland Electricity Generators in the EU ETS as a % of NI Total Emissions in 2005-2024	Year on year percentage decrease
2005	21%	
2006	22%	1%
2007	19%	-3%
2008	20%	1%
2009	17%	-3%
2010	18%	1%
2011	17%	0%
2012	18%	0%
2013	18%	1%
2014	18%	-1%
2015	18%	0%
2016	18%	1%
2017	16%	-2%
2018	14%	-2%
2019	13%	-1%
2020	14%	1%
2021	15%	1%
2022	16%	0%
2023	12%	-4%
2024	11%	-1%

Source: DAERA, Department of Energy Security and Net Zero

As the scheme encourages lowering of emissions and decarbonisation there are environmental benefits to electricity generators being included in the EU ETS to help drive emissions downward.

Environmental Benefits from the introduction of MRV

The EU ETS aims to include environmental benefits in its policy aims by expanding the scope of its scheme to include EfW. The specific benefits of waste incinerators participating in a mandatory MRV period will include the following benefits to the sector:

Under the mandatory MRV period NI waste incinerators, will have to accurately measure the CO_2 from incineration. The overall aim of this measurement is to eventually introduce EfW into the EU ETS, currently proposed from 2031, (the July 2026 published outcome of the EU ETS review has also proposed a potential opt out option until 2035 should an individual Member State meet certain exempting criteria), when emissions can be priced and capped within the EU ETS to help incentivise

emission reductions. The scheme is designed to use this incentive to help promote investment in decarbonisation technologies which will benefit businesses and the environment long term.

It's important to highlight that whilst EfW does have many benefits, by putting a carbon price on waste incineration even through the early stages of an MRV only period due to increased costs for the business, this can be seen as putting a price on the externality of waste incineration to reflect the true environmental cost to society. This reflects the Polluter Pays principle and can have benefits towards our circular economy helping reach NI's recycling goals outlined in the Climate Change Act (NI) 2022.

A mandatory MRV period for waste incinerators will provide reliable, verified emissions data and monitoring, including an Annual Emissions Report and Monitoring Plan issued by NIEA to NI municipal waste incinerators.which will be of benefit in the monitoring, and future development of, decarbonisation policies.

Risks

The risk here is minor and managed due to this impact affecting one waste incinerator in Belfast taking part in a mandatory MRV period with a small increase in costs annually to the business. However, we must consider the fact that this incinerator does incinerate waste from all councils in Northern Ireland therefore the risks below must be considered during the MRV period.

Impact on Households and Businesses

DAERA have identified that if costs are believed to be significant enough to the waste incinerator, then those costs could be passed on to councils and waste management companies. The cost could then be passed on to households and businesses supplying municipal waste, to include household and commercial waste.

The risk of councils increasing rates due to operators passing on costs to councils is low as this would depend on a number of factors such as council budgets and it is important to note any additional costs would be spread across all participating councils, reducing the potential financial impact on any individual council.

There is a potential risk that if MRV cost pass through leads to increased waste management costs it could create additional incentives for some businesses to dispose of waste illegally, particularly in rural areas where monitoring may be more difficult and disposal options are more limited. This risk may be greater for commercial waste producers, as businesses bear the full cost of waste management services, unlike households whose waste collection services are funded primarily through local authority rates.
Given the relatively low estimated MRV cost pass-through presented in Table 1.3, the likelihood of significant impacts on households and businesses is considered low, including the risk of altering waste disposal behaviours of businesses located in rural areas.

According to the EU ETS Review (July 2026) [2], stakeholders interviewed further specified their concerns that bringing the EfW sector under the EU ETS could create operational and financial challenges for the continued delivery of these services as the additional costs associated with participation in the EU ETS (allowance purchases, MRV obligations, and administrative requirements) may place pressure on municipal budgets and waste operators. This could, in turn, affect the affordability and accessibility of waste management services for households and businesses. Evidence from Member States already applying a carbon price for municipal waste incineration (DE, SE) indicates that current pricing corresponds to limited, manageable increases in average annual household waste management fees in the order of €10 (DE) to €13 (SE), of which a substantial share can furthermore be avoided through improved prevention, separation and recycling of waste, alongside complementary measures and financial support through ETS revenues to support local authorities and/or households in implementing these measures and lowering or avoiding fees passed through to households.

Cost Pass Through Analysis

[2] SWD(2026) 616 - Impact assessment - Climate Action - European Commission

The following costs to businesses/households have been estimated below in terms of pass through of costs to a waste incinerator in Northern Ireland entering a period of mandatory MRV.

Energy-from-waste facilities operate by accepting waste from local authorities and commercial customers and charging for its treatment. These charges are commonly referred to as gate fees and are typically paid on a per £ or €/tonne basis.

Using DAERA's municipal waste local authority figures[3] which includes household and commercial waste we have analysed and estimated cost pass through values from waste incineration to all councils. This cost pass-through analysis has been based on local authority waste tonnages. In practice, the one operator in question processes waste originating from both municipal and commercial sources. Therefore, any additional costs may be shared across a wider range of waste producers, meaning the actual impact on councils could be lower than estimated.
The estimates below are based on 2025/26 data for municipal waste and the economic assessment figures used to estimate annual costs of MRV on waste incineration in NI. The analysis based on estimated additional annual costs to waste incinerators divided by the total waste for treatment from all councils equals the additional cost per tonne. Therefore, it is estimated an operator would need to increase the gate fee by about £0.01/tonne to fully recover the additional cost of MRV.

Table 1.3 - Full Cost Scenario – assuming full costs of MRV to the incinerator are passed on

Financial Year	Council	Local authority collected municipal waste arisings (tonnes)	Annual Reoccuring Cost to Business	Estimated Gate fee	Overall Cost Pass Through to Councils
2025/26	Belfast	166,149		£ 0.01	£ 2,266
2025/26	Armagh City, Banbridge & Craigavon	112,409		£ 0.01	£ 1,533
2025/26	Antrim & Newtownabbey	108,264		£ 0.01	£ 1,477
2025/26	Newry, Mourne & Down	86,635		£ 0.01	£ 1,182
2025/26	Derry City & Strabane	86,343		£ 0.01	£ 1,178
2025/26	Mid Ulster	85,830		£ 0.01	£ 1,171
2025/26	Ards & North Down	85,062		£ 0.01	£ 1,160
2025/26	Causeway Coast & Glens	81,688		£ 0.01	£ 1,114
2025/26	Lisburn & Castlereagh	79,704		£ 0.01	£ 1,087
2025/26	Mid & East Antrim	75,521		£ 0.01	£ 1,030
2025/26	Fermanagh & Omagh	58,735		£ 0.01	£ 801
2025/26	Total	1,026,341	£ 14,000	£ 0.01	£ 14,000

Source: DAERA

The overall cost pass through to each council is expected to be on average £1,272 with highest impact affecting Belfast council at £2,266. As total cost to each council is low as an annual estimate, we can assume it will not pose a significant risk that this cost will be passed onto households or businesses (using councils for waste collection) due to a number of reasons; it would be a relatively small proportion of overall spending within council budgets, council rates are usually set based on overall budget requirements so a small increase in expenditure would most likely become absorbed within an existing budget or offset by savings elsewhere and an up to £2.2k annual cost would be insignificant compared with larger cost pressures that would influence rate increases.
Any additional MRV costs may be passed through to local authorities via waste management contracts. However, the extent of any pass through will depend on contractual arrangements and the timing of contract renewals. As the estimated MRV costs are low, any impact on waste management charges is expected to be minimal, and the overall effect on councils is therefore likely to be minor.

Table 1.4 – Potential cost per 100,000 people of MRV to council per year assuming full cost pass through

Financial Year	Council	Local authority collected municipal waste arisings (tonnes)	Population	% of Council waste over Total waste	Cost per council	Per 100,000 person
2025/26	Antrim & Newtownabbey	108,264	148,100	11%	1,477	997
2025/26	Causeway Coast & Glens	81,688	141,954	8%	1,114	785
2025/26	Derry City & Strabane	86,343	152,383	8%	1,178	773
2025/26	Mid Ulster	85,830	152,718	8%	1,171	767
2025/26	Mid & East Antrim	75,521	139,913	7%	1,030	736
2025/26	Lisburn & Castlereagh	79,704	151,669	8%	1,087	717
2025/26	Ards & North Down	85,062	165,415	8%	1,160	701
2025/26	Armagh City, Banbridge & Craigavon	112,409	222,511	11%	1,533	689
2025/26	Fermanagh & Omagh	58,735	117,687	6%	801	681
2025/26	Newry, Mourne & Down	86,635	183,115	8%	1,182	645
2025/26	Belfast	166,149	352,390	16%	2,266	643
2025/26	Total	1,026,341	1,927,855	100%	14,000	8,134.6

Source: DAERA

[3] Northern Ireland local authority collected municipal waste management statistics time series data | Department of Agriculture, Environment and Rural Affairs

If we assume the additional costs of MRV to the operator will be fully passed on, it is estimated Antrim & Newtownabbey will incur the highest costs of £997 per 100,000 people due to the higher volumes of waste and smaller population.

Table 1.5 – Potential cost pass through to councils per impact scenario

Financial Year	Council	100% cost pass through to councils	Assuming 80% costs passed on	Assuming 50% costs passed on	Assuming 30% of costs passed on
2025/26	Belfast	2,266	1,813	1,133	680
2025/26	Armagh City, Banbridge & Craigavon	1,533	1,227	767	460
2025/26	Antrim & Newtownabbey	1,477	1,181	738	443
2025/26	Newry, Mourne & Down	1,182	945	591	355
2025/26	Derry City & Strabane	1,178	942	589	353
2025/26	Mid Ulster	1,171	937	585	351
2025/26	Ards & North Down	1,160	928	580	348
2025/26	Causeway Coast & Glens	1,114	891	557	334
2025/26	Lisburn & Castlereagh	1,087	870	544	326
2025/26	Mid & East Antrim	1,030	824	515	309
2025/26	Fermanagh & Omagh	801	641	401	240
2025/26	Total	14,000	11,200	7,000	4,200

Source: DAERA

Different impact scenarios of 100%, 80%, 50% and 30% cost pass through to councils have been assessed to capture the range of potential outcomes and account for uncertainties regarding the extent to which costs may be passed through the supply chain, ensuring that the analysis reflects both lower and higher impact possibilities. This is to ensure we include the possibility of cost pass through to commercial waste suppliers and to caveat for a wide range of waste supply to waste incineration in NI.

Waste exports

Refuse-derived fuel (RDF) waste refers to any domestic, commercial, or industrial waste that's disposed of by being converted into refuse-derived fuel. This is a process that creates energy from waste that can't be recycled or reused. RDF waste is municipal solid waste (MSW), which includes non-hazardous, residential, industrial, commercial, construction, and demolition waste. Not all waste types are reusable or recyclable, therefore converting waste into RDF or solid recovered fuel (SRF) provides a sustainable option for waste management and forms part of the energy from waste process. Using waste as an energy source is a more sustainable solution compared to sending non-recyclable rubbish to landfill.

Data from DAERA below shows that NI produced 301,000 tonnes of RDF/SRF in 2025, 18% refers to mainly commercial waste that's used to produce SRF. This is another type of energy from waste process that converts a wide range of non-recyclable rubbish into renewable energy.

Table 1.6– NI exports of Waste and Destination, 2025

Business	Type of Waste	Destination	Total 2025 (Tonnes)
Geminor UK Ltd	RDF	Denmark	11,501
Re-Gen Waste Limited	RDF	Sweden	12,653
Re-Gen Waste Limited	RDF	Norway	30,296
Geminor UK Ltd	RDF	Denmark	9,226
Re-Gen Waste Limited	RDF	Sweden	10,024
Irish Waste Services Limited	SRF	Ireland	545
Re-Gen Waste Limited	RDF	Sweden	33,991
Re-Gen Waste Limited	RDF	Sweden	33,883
MacNabb Bros (Waste Management) Ltd	SRF	Ireland	1,515
Re-Gen Waste Limited	RDF	Sweden	16,846
Re-Gen Waste Limited	RDF	Sweden	26,423
MacNabb Bros (Waste Management) Ltd	SRF	Ireland	1,273
Re-Gen Waste Limited	RDF	Sweden	3,880
Irish Waste Services Limited	SRF	Ireland	11,181
Re-Gen Waste Limited	RDF	Norway	16,169
Re-Gen Waste Limited	RDF	Sweden	30,047
Re-Gen Waste Limited	SRF	Finland	6,262
Re-Gen Waste Limited	SRF	Sweden	25,889
Irish Waste Services Limited	SRF	Ireland	7,769
Re-Gen Waste Limited	RDF	Sweden	4,062
Re-Gen Waste Limited	RDF	Norway	7,152
MacNabb Bros (Waste Management) Ltd	SRF	Ireland	1,041
Total			301,629

Source: DAERA

If there are higher costs to incinerate waste in NI, waste companies working with local authorities in NI who may incur cost pass through or commercial businesses who pay full costs for waste disposal may choose alternative methods such as exporting waste to other countries.

Based on the data above, RDF accounts for 82% of waste exports, while SRF represents 18%. This demonstrates that waste management companies make significant use of facilities in EU Member States for the export and treatment of these waste-derived fuels. This is potentially due to NI's infrastructure specifically around energy-from-waste whereas EU countries have economies of scale within the waste sector and take this waste especially for EfW facilities for the purpose of energy generation. It is also considered the cost-effective option for NI.

While the primary objective of this policy is to support emissions reductions and decarbonisation, future investment in waste treatment infrastructure in Northern Ireland could reduce reliance on RDF and SRF exports and increase local treatment capacity. The extent of any such impacts will depend on future growth and investment in the sector. Any resulting changes in waste treatment costs, including the potential for limited cost pass-through within the supply chain, would be determined by wider market and commercial factors rather than the MRV requirements introduced by this policy.

Summary

Overall, the assessment concludes that Option 2: Windsor Framework Implementation represents the most appropriate and proportionate course of action. The proposal is required to fulfil Northern Ireland's obligations under the Windsor Framework and ensure continued alignment with EU ETS MRV requirements for municipal waste incineration. The measure would introduce mandatory Monitoring, Reporting and Verification (MRV) requirements for the operator in scope, providing robust and independently verified emissions data while improving transparency, regulatory certainty and the evidence base for future climate policy development.

From a Northern Ireland perspective, the benefits include compliance with EU obligations, reduced legal and regulatory risk, improved understanding of emissions from the waste sector, and enhanced readiness when full cost exposure within EU ETS policy is extended to municipal waste incineration.

The availability of high-quality emissions data may also support more informed policy decisions, contribute to wider decarbonisation objectives and strengthen confidence in environmental reporting.
The assessment also identifies some potential disadvantages. The one affected NI operator will incur additional administrative, monitoring and verification costs associated with compliance with the new MRV requirements. There is a possibility that a proportion of these costs could be passed through the waste management supply chain to local authorities, businesses or households. However, the analysis indicates that the scale of these impacts is expected to be limited and proportionate, with any potential cost increases likely to be negligible in the context of overall waste management expenditure.
While the proposal does not directly reduce emissions or alter waste management practices, it establishes the monitoring framework necessary to support future emissions reduction policies and regulatory oversight. In contrast, the do-nothing option would leave Northern Ireland non-compliant with its Windsor Framework obligations, create uncertainty for regulated operators, and limit the availability of reliable emissions data for future policymaking.
Overall, the benefits to Northern Ireland in terms of legal compliance, regulatory certainty, improved environmental data and support for longer-term climate objectives outweigh the relatively minor costs associated with implementation.