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Subject:	Proposal for a Directive of the European Parliament and of the Council concerning urban wastewater treatment (recast) - Policy debate

In order to guide the discussion on the abovementioned legislative proposal at the forthcoming meeting of the Council (Environment) on 16 March 2023, the Presidency has prepared a background paper and questions, as set out in the Annex to this note.

The Permanent Representatives Committee is invited to take note of the background paper and questions and to forward them to the Council for the abovementioned policy debate.

Proposal for a Directive of the European Parliament and of the Council concerning urban wastewater treatment (recast)

– Presidency background paper with questions for ministers –

Background

The quality of our European rivers, lakes and seas is essential for the environment and human health. Clean water is vital for safe drinking water. It is also important for economic activities such as industrial production, transport, tourism and fishing.

Urban wastewater is one of the main contributors to water pollution in the European Union. An evaluation of the urban wastewater directive identified three main sets of issues, namely remaining pollution from urban sources, incomplete alignment to new societal ambitions and to the European Green Deal and an insufficient or uneven level of governance. Regarding pollution from urban wastewater, the evaluation concluded that smaller cities, non-centralised treatment facilities, outdated standards of the existing directive for nutrients and pollution caused by heavy rainfall are key remaining pathways of urban emissions. Discharges from micro-pollutants are also becoming an issue of emerging concern.

The evaluation also analysed the potential in the wastewater sector for energy efficiency improvements, contributing to EU climate and energy policies, as well as better sludge management and water reuse for improved alignment with the EU circular economy action plan.

Status of work in the Council

On 26 October 2022, the Commission adopted its proposal for a revised directive on urban wastewater treatment. The Commission presented its proposal and the accompanying impact assessment to the Working Party on the Environment on 4 November 2022.

So far, five meetings of the Working Party on the Environment have been held. In January, under the Swedish Presidency, a first reading of the proposal started giving Member States the opportunity to discuss Articles 1 to 21 (except for Articles 12 and 19). The working party meetings have allowed for some clarifications of the directive as well as a first exchange of views between Member States on these articles. The discussions within the working party have been positive and constructive. At a general level, Member States are positive towards the proposal. At the same time, insights on several challenges have emerged from these initial discussions.

Topics to discuss

To provide guidance to the future work of the working party, the Presidency suggests that on 16 March the Environment Council address the following topics.

General level of ambition to address remaining pollution

To address remaining urban wastewater pollution, the Commission proposes expanding the scope of the directive to include smaller agglomerations¹. These will require fully connected collecting systems by 2030, including for secondary treatment, but with possibilities for exemptions.

Urban wastewater treatment plants also remain an important pathway of nutrient discharges leading to the eutrophication of water bodies in the Union. To further limit nutrient releases, the proposal sets out expanded obligations for the removal of nitrogen and phosphorus by so-called tertiary treatment. The requirements will be applied by 2040 with interim targets.

Micro-pollutants, such as pharmaceutical residues, have been identified as an increasing problem in water bodies. The proposal therefore includes new requirements for an additional treatment step, i.e. quaternary treatment that will treat a large range of pollutants. These requirements are proposed to be met by 2040 with interim targets.

¹ Smaller agglomerations from 1000 p.e. (population equivalent) as opposed to the current 2000 p.e.

Member States have stated that it will be challenging to meet the proposed deadlines and requirements owing to the time needed to plan infrastructure investments. There is also a desire for flexibility to adapt to national and local conditions, including calls to align timetables with planning cycles in other water-related directives. Some Member States have also raised concerns that the added environmental benefits achieved by stricter obligations for tertiary and quaternary treatment might not always exceed the cost of the treatment.

Financing treatment of micro-pollutants

Financing for the quaternary treatment of micro-pollutants is proposed by introducing mandatory ‘Extended Producer Responsibility (EPR) schemes’ for companies that place pharmaceutical and cosmetic products on the EU market. Even if the most essential principles are defined in the proposal, the practical implementation of the EPR scheme is left to the Member States at national level. The proposal also states that the EPR must cover the full cost (i.e. for quaternary treatment, monitoring and collection of statistics regarding what is placed on the market).

While there is generally a positive approach to implementing the ‘Polluter Pays Principle’, Member States are seeking clarifications on how an EPR scheme could work in practice as this type of instrument is new for the urban wastewater sector. Mixed views were expressed on whether this is the most appropriate financing strategy and whether it is best implemented at EU level or at national level.

Contributing to energy neutrality

The proposal sets an energy neutrality target for the urban wastewater sector to be met in each Member State by 2040, with interim targets. The core objective is to improve energy efficiency and produce renewable energy, notably from biogas and other means. To meet the objective, energy audits will be progressively required and imposed on all medium to large-sized facilities². Member States will further ensure that the total annual production of renewable energy from these facilities matches their total energy consumption. This target should be applied at national level by 2040 with interim targets.

² From 10 000 p.e. and above (aligning with best practices in some Member States).

Discussions in the working party have generally been positive towards the provision on energy efficiency. There is an understanding of the benefits of the suggested energy audits, although timetables are challenging for Member States. There are some concerns that the proposed energy neutrality targets might be difficult to combine with the new requirements for nitrogen removal and quaternary treatment owing to the energy consumption needed for such treatment. Also, there are some doubts as to whether achieving energy neutrality should be restricted to the urban wastewater sector or implemented within a broader integrated production system.

Questions to ministers

To give guidance to the further work of the Working Party on the Environment, ministers are invited to exchange views on the following questions:

- 1. What would you consider to be an appropriate level of ambition based on the proposal to address the remaining sources of urban pollution?*
- 2. Do you consider that it is appropriate to include an EPR scheme and to include targets of energy neutrality in the urban wastewater directive?*