



The EU F-Gas Regulation review



European F-Gas Regulation proposal: background & highlights

Background:

2007: current regulation on Fluoro gases was adopted by the EU, focusing on leakage check-ups, personnel accreditation and some use limitations.

2010: Commission declares regulation has to be reviewed to meet the EU targets of CO₂ emissions by 2020.

- Arguably, the most important regulation on fluorinated gases in any world region in the years to come:
- Long term impact on business: spans over next 18 years;
- Industry aligned around main concept: the “Phase Down” approach;
- Industry rejects the notion of additional bans;

Main characteristics of an HFC phase down scheme:

1. **A specified year in the past is taken as a reference** defining the amount of HFCs and HCFCs that were placed on the market in a given country.
2. **The amount is calculated on a CO₂ equivalent basis** (GWP X product volumes placed in the market) .
3. This amount is then set as the **limit for placing HFCs in the market** as of the first year of the phase down scheme.
4. **The initial amount is then subsequently reduced** by a given percentage over the following years of the scheme.
5. **Importers and producers in every country would receive annual CO₂ equivalent quotas** for their production or imports of HFCs. These quotas would be reduced as defined by the scheme until a flat line (also to be determined) is reached. The quotas then remain equal in following years.

EU Regulatory decision making process:

Chronological sequence

PUBLIC OPINION CREATION:
(POLITICS – NGOs – BUSINESS ASSOCIATIONS...)

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1. COMMISSION SETS POLICY GUIDELINES
 2. COMMISSION REQUEST CONSULTANTS INFO
 3. COMMISSION DEBATES PROPOSAL

Last 4
years
process

4. COMMISSION DRAFTS PROPOSAL AND SUBMITS TO PARLIAMENT
5. PARLIAMENT DEBATES:
6. MEMBER STATES RATIFY (or introduce modifications)

2013

THREE EU INSTITUTIONS INVOLVED:

EU COMMISSION:

elaborates the original proposal
for legislation

EU PARLIAMENT:

discusses and amends the
Commission proposal

EU COUNCIL (= Member States):

ratifies or modifies Parliament
proposal

The Commission proposal: the starting point of the process

INITIAL VERSION (LEAKED)

Bans on servicing existing equipment after 2018 with fluids with GWP>1150

Ban on any HFC in industrial and commercial refrigeration after 2020

FINAL VERSION

Ban on gas for servicing: threshold raised to 2500 and only after 2020:

HFC bans have been removed

Commission Proposal: comparison between leaked draft and final version

What	Leaked draft proposal	Final proposal
1. Legal base	Environmental legal base	Unchanged
2. Phase-down	Quota-based mechanism based on ODS	Unchanged
3. Ban in domestic refrigeration	Total ban from 1 January 2015	ban for HFCs with a GWP > 150 as of 1 January 2015.
4. Hermetically sealed refrigerators for commercial use	Two-stepped ban: <ul style="list-style-type: none"> 1 January 2015 >2150 1 January 2017 all HFCs 	Two-stepped ban: <ul style="list-style-type: none"> ban on HFCs with GWP of 2,500 or more as of 1 January 2017 ban on HFCs with GWP of 150 or more as of 1 January 2020.
5. Other refrigeration and freezing systems for commercial use	Two-stepped ban: <ul style="list-style-type: none"> 1 January 2016 >2150 1 January 2020 all HFCs 	No ban
6. Industrial refrigeration and freezers > 100 kW	Two-stepped ban: <ul style="list-style-type: none"> 1 January 2015 >2150 1 January 2020 all HFCs 	No ban
7. Movable room a/c, hermetically sealed	Ban: <ul style="list-style-type: none"> All HFCs as of 1 January 2020 	Ban: <ul style="list-style-type: none"> HFCs with GWP > 150 as of January 2020.
8. Ban on servicing / maintenance for f-gases (in equipment >5 to CO ₂ eq)	Ban: <ul style="list-style-type: none"> For equipment with HFC > 2150 as of 1 January 2018 	Ban: <ul style="list-style-type: none"> for equipment with HFC of GWP > 2500 from 2020 onwards

The work ahead in 2013: the Parliament Process

Final version of Commission proposal is an optimum starting point but the process still long and challenging

Long Parliamentary process: in best case, it will take almost full year

- A) Discussion on 2 Committees: Environment and Industry
- B) Vote in 2 Committees, 2 readings each
- C) Plenary vote: 1st reading
- D) Plenary final vote

Coordination of the Parliamentary process is in the hands of the Green Party:
Official Rapporteur has publicly campaigned against HFCs and favours bans

In addition: Member States are critical

They endorse or modify Parliament decision

Current state of play at Parliament process:

- **March 1st:** Rapporteur presented his proposal: introduction of HFC bans in many applications, notably in commercial and industrial refrigeration.
- **March 18th:** First debate at the Environment Committee: mild support to Rapporteur's proposal
- **March 28th:** deadline for amendments
- **July 19th:** vote at the Environment Committee
- **September (TBC):** likely vote in Plenary Session

Beyond EU: Global Agreement on HFCs

Industry prefers a GLOBAL approach on HFC's:

International discussions unavoidable.

HFCs under Kyoto...but ignored

KP has favored CO2 over other gases: no measures on HFCs

Montreal Protocol has expertise...but not mandate

Amendments proposed and supported by 90+ parties but a few blocking

UN processes: consensus required:

Individual countries acquire veto in practice

WHAT IS AT STAKE:

A LOW HANGING FRUIT WITH A POTENTIAL LEVEL OF REDUCTIONS
SIMILAR TO KP AT A VERY AFFORDABLE COST

Beyond EU: Global Agreement on HFCs

Objective

- Global HFC cap and reduction scheme (as in the EU)

Status

- U.S., Canada and Mexico resubmitted proposed amendment under Montreal Protocol for 2012
- Some BRICS countries keep blocking agreement

Outlook for 2013:

EU is becoming more involved, and is seeking our support

- Russia could play a role between EU, China and India