

SUMMARY MINUTES

3rd Meeting of the Consultation Forum **pursuant to Article 23 of Regulation (EU) No 517/2014 on** **fluorinated greenhouse gases**

6 March 2018, 10:00 – 16:30
VML, Room 2
Rue van Maerlant 2, B-1040 Brussels

Participants: See “Attendance List” in the Annex.

1. Welcome and introduction by the Commission

The **Commission** welcomed the participants to the 3rd Consultation Forum. The agenda was amended to include a presentation by EPEE.¹

2. Standard setting for flammable refrigerants

The **Commission** informed participants about current developments on safety standards for the use of flammable refrigerants at international level.² In the framework of the Montreal Protocol, Decision XXVIII/4 called for regular consultations on safety standards to be carried out with the standardisation organisations and a dedicated UNEP workshop that took place in July 2017³ with the aim of highlighting the need to reduce barriers to the uptake of low GWP alternatives to hydrofluorocarbons (HFCs). Following Decision XXIX/11, the Ozone Secretariat is currently working on a tabular overview of different relevant standards that will be presented in advance of the upcoming 40th Meeting of the Open-Ended Working Group (OEWG 40) of the Parties to the Montreal Protocol in Vienna in July.⁴

In November 2017, the **Commission** adopted a request to the standardisation organisations CEN and CENELEC⁵ to complement existing standards and to develop technical specifications for the use of flammable refrigerants. CEN/CENELEC has accepted the mandate. Currently the working group on refrigeration systems is calling for experts and discussing how the work will be structured. **ECOS** recommended that the Commission should actively follow the process to ensure a quality output and encourage national Ozone Units to follow the work of their national standardisation committees. **AR- EA** agreed with ECOS and pointed out the importance of consistent policy and legislation and that proper standards for A2/A3 refrigerants would be needed. **AREA** also mentioned that the 2003 guideline⁶ on the ATEX Worker Directive needs to be updated, notably to address the installation of refrigeration plants and heat pumps with flammable refrigerants according to CLP Regulation and both ATEX Directives.

¹ See agenda: https://ec.europa.eu/clima/sites/clima/files/docs/0106/2018_03_06_agenda_en.pdf.

² See meeting slides: https://ec.europa.eu/clima/sites/clima/files/docs/0106/2018_03_06_slides_en.pdf

³ See http://conf.montreal-protocol.org/meeting/workshops/safety-and-standards/presentation/English/safety%20standards_agenda.pdf.

⁴ See 40th OEWG meeting: <http://conf.montreal-protocol.org/meeting/oewg/oewg-40/SitePages/Home.aspx>.

⁵ See Commission Implementing Decision: ftp://ftp.cenelec.eu/CENELEC/EuropeanMandates/M555_EN.pdf.

⁶ See <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2003:0515:FIN:en:PDF>.

The EU-funded LIFE project "*LIFE FRONT: Flammable Refrigerant Options for Natural Technologies – Improved standards and product design for their safe use*" was presented by the project leader **Shecco**.⁷ The project aims at removing barriers in standards for use of flammable refrigerant options. **ASERCOM** asked how the project will be linked to the Commission's standardisation request; **Shecco** explained that an open consultative stakeholder group will collect pertinent information that will be fed to the relevant standardisation working groups.

EHI and **JBCE** underlined the importance of this process but also highlighted the need to address restrictive building codes in Member States. **France** explained the progress made clarifying the scope of its building codes and that legislation restricting AC and heat pumps will be further revised according to a risk analysis. **Spain** indicated that national regulation affecting the use of A2L refrigerants in buildings will be revised. **Denmark** signalled that recycling facilities may have to be refurbished in order to handle flammable low GWP refrigerants. **Carbon Market Watch** pointed out that Italy developed a national incentive programme for heat pump equipment that did not differentiate between the different types of refrigerants used and asked the Commission about the existence of comparable programmes in the EU. The **Commission** responded that programmes, including financial incentives, are nationally implemented. **Shecco** asked about the current state of cooperation between the EU and China with respect to standardisation, safety assessments and technical initiatives. The **Commission** highlighted the cooperation under the Montreal Protocol as well as exchanges on all relevant topics with the Chinese delegation.

3. Information on training of personnel for the safe handling of alternative refrigerants

A beneficiary presented the EU-funded LIFE project "*REAL Alternatives 4 LIFE: Refrigerant Emissions Alternatives and Leakage – blended learning for low GWP refrigerants*"⁸. The project increases service technicians' knowledge on alternatives, safe handling of low GWP refrigerants and leak detection. All types of flammable refrigerants are included and a main vehicle for spreading the know-how are train-the-trainer programmes. Participants are trained on minimum requirements for the use of flammable refrigerants and receive certificates. **Spain** added that the certificates on alternatives from the project are recognised by their national legislation. The **Commission** indicated that the knowledge generated in this project could also be of interest for technicians in India.

On a request by **WWF** to add European certification requirements for alternatives, the **Commission** pointed to its report on the subject from 2016.⁹ A number of Member States reported on related activities in their countries. The **Netherlands** explained that industry has put in place a certification scheme for training personnel, which is recognised as fulfilling the legislative framework in place.¹⁰ The certification scheme has produced about 400 certified and registered installers but should grow further. In **Sweden**, the certification scheme is managed by the national association. **Poland** reported on several national measures that support the introduction of HFC alternatives including training centres that are obliged to include alternative technologies and to address flammability issues in their curricula.¹¹ In order to address the safe use of A2L and A3 refrigerants, a specific booklet has been issued. In the national reporting database, the replacement of equipment with alternatives is recorded so that the uptake of alternatives can be monitored.

⁷ Link to slides: https://ec.europa.eu/clima/sites/clima/files/docs/0106/2018_03_06_shecco_en.pdf.

⁸ Link to slides: https://ec.europa.eu/clima/sites/clima/files/docs/0106/2018_03_06_real_alternatives_en.pdf.

⁹ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52016DC0748>.

¹⁰ Link to slides: https://ec.europa.eu/clima/sites/clima/files/docs/0106/2018_03_06_nl_training_en.pdf.

¹¹ Link to slides: https://ec.europa.eu/clima/sites/clima/files/docs/0106/2018_03_06_pl_training_en.pdf.

4. Information from the Commission on the progress of the HFC phase-down

Quota allocation, company reporting and environmental impact

The **Commission** elaborated on the current state of the quota allocation, company reporting and environmental impact of Regulation (EU) No 517/2014.² The **Commission** explained why the 2018 reduction step may actually be less steep than feared by some stakeholders, that compliance with the quota system is so far quite good and that progress on the environmental objectives are being made.¹²

In response to **CECED**'s concern that many companies have difficulties finding quota holders who offer authorisations, the **Commission** referred to the list of companies published in the Commission Implementing Decision (EU) No 2017/1984.¹³ This list ensures transparency and helps companies to approach quota holders directly. In addition, brokers could be contacted. Conversely, email addresses cannot be released due to data protection rules. **Poland** pointed out that, unlike for quotas, there is no limit of validity for authorisations. Regarding **WWF**'s question whether there was information on used authorisations, the **Commission** noted that importers were obliged to report on authorisations in 2017 for the first time and, due to the deadline for submission of reports on 31 March 2018, figures can only be provided in the HFC Registry with a nine-month delay.

JBCE noted that the Commission's calculation provides only a static assessment of the EU market and a more dynamic analysis would be needed for accuracy. The **Commission** explained that the calculation presented was done on best available data. As imported equipment is also moving towards low GWP refrigerants, the acquired buffer of authorisations (in CO₂e) should actually last longer in the future.

Some associations (**EHPA, EPEE, EHI, CECED**) expressed concerns that exported HFCs in equipment are not exempted by the F-gas Regulation and that the use of the inward processing (IPR) custom procedure is insufficient to avoid competitive advantages and administrative burden, in particular for smaller companies. The associations raised the idea of providing credit notes for such exports and referred to a legal interpretation by a private law firm. In response, the **Commission** reiterated its existing position that such exports are not exempted. It recalled that one key objective of the F-gas Regulation was to anticipate the EU's commitment under the Montreal Protocol which regards such gases as a Party's own consumption. The Commission added that according to industry the inward processing procedure could be used for 60 % of exports which would already alleviated a large part of the impact.

Gas and authorisation prices

The **Commission** also informed on the result of its continuous monitoring of gas prices.² HFC prices continue to rise and an increasing correlation between price and GWP can be observed, in line with the intended workings of the quota system mechanism. Abatement prices are currently at 10 Euro/t CO₂e which is well within the range of up to 50 Euro/t CO₂e considered reasonable as regards a fair share contribution to long-term climate goals. In response to **JBCE**'s statement that prices for authorisations are increasing, the **Commission** announced that authorisation prices will be included in its quarterly price monitoring study carried out by Öko-Recherche.

¹² See also: <https://www.eea.europa.eu/publications/fluorinated-greenhouse-gases-2017>.

¹³ See Commission Implementing Decision (EU) 2017/1984 on determination of reference values for the period 2018 to 2020: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017D1984&from=EN>.

EPEE presented its “*Gapometer*” project.¹⁴ Recent analyses have concluded that there is a transition of the market on-going, but further action is needed to realise the phase-down steps. The use of high GWP gases (R404A, R507A) in commercial refrigeration needs to be stopped immediately, recycling and reclamation needs to be expanded and solutions for flammable alternatives developed. AREA, EPEE, EFCTC and ASERCOM produced a brochure (available in several languages) explaining to RACHP contractors the importance of this issue.¹⁵

Denmark raised the question of whether low dissemination of information could be a potential barrier, including to retrofitting. Associations (**EPEE**, **AREA**, **EuroCommerce**, **ASERCOM**) confirmed a lack of knowledge, communication and awareness as a barrier, especially at end-user level. In addition, too much emphasis is put on alternative refrigerants rather than on devices and components, so that the progress of their introduction is slower than predicted. Urgent action is required as many alternative refrigerants are available, requiring a huge research development effort by equipment producers to test new components. **EuroCommerce** explained that its stakeholders are taking action but cannot change this fast. **Shecco** disagreed with the statement by EuroCommerce that not enough alternative solutions are available or tested. In the EU already 12 000 supermarkets are using CO₂ technologies and alternative technologies are spreading all over the world. The representative of the **REAL ALTERNATIVES** project added that the benefits of using recycled refrigerants need to be emphasised.

Member States informed about their national activities which aim at disseminating information. The activities range from workshops (**Ireland**, **Spain**), information and guidance documents or leaflets on websites or paper-based (**France**, **Germany**, **Netherlands**, **Spain**), trade press, trade shows and the involvement of certification bodies (**UK**) to information campaigns, expert seminars, provision of free consultation time and computer-based tools (**Denmark**). Communication through the relevant association was often seen as an important vehicle. **France** welcomed the brochure by EPEE in general, but found that its messaging was not ambitious enough. In this regard, **Greenpeace** pointed out that what should be communicated must be carefully considered as well as ambitious, as companies will subsequently make investments with long-term effects. The **Commission** concluded that there are some challenges in this time of transition, and that supporting the end-user by passing the right information is crucial.

Study on illegal trade

Öko-Institut presented its *study on illegal trade* of refrigerants.¹⁶ For the study, company-reported data on the use of F-gases was compared to data on exports from China, imports from EUROSTAT, REACH and UN COMTRADE. No indication of illegal trade could be found while any large discrepancies would have been obvious from the data, despite the differing scopes of the data sets. **CEFIC** pointed out that this result might look different in 2017 and 2018 as the incentive to do so increases.

Member States are taking various measures to prevent illegal trade. These include the exchange of information on customs codes and refrigerant quantities and the analysis of reports with imports codes (**France**), the monthly checking of certain companies at the customs (**Netherlands**), customs training, spot checks, meetings with the environmental ministry and environmental inspectorates (**Poland**), control instruments to prohibit online trade of refrigerants on the internet (**France**, **Germany**), frequent website checks (**UK**, **Germany**) and a permanent working group on ODS and F-gases also dealing with these issues (**Germany**). **Denmark** called its HFC taxes an effective measure to know what

¹⁴ Link to slides: https://ec.europa.eu/clima/sites/clima/files/docs/0106/2018_03_06_gapometer_en.pdf.

¹⁵ <https://www.epeeglobal.org/documents/>

¹⁶ https://ec.europa.eu/clima/sites/clima/files/docs/0106/2018_03_06_illegal_trade_en.pdf

is coming in and leaving the country. In addition, **Hungary** and the **Netherlands** provided information on a likely recent illegal trade case that has been discovered. The **EIA** pointed to the need to have a good licensing system in place to control illegal trade.

The **Commission** confirmed that there is evidence that the customs authorities are controlling imports, as companies are trying to obtain quotas or authorisations as their shipments are stopped at the border. The EU “single window initiative” provides a one-stop-shop for effective control of imports, but is currently used by only seven Member States. The ODS and F-gas portal will be integrated in the single window but the IT development will take some time. In order to facilitate customs procedures in particular for new entrants with small quotas (e.g. allowing the joint import of a container by several companies), the Commission is working closely with Member States and DG TAXUD.

BREXIT

With regard to the *implications of the UK’s withdrawal from the EU for the F-gas Regulation and the Kigali Amendment*, the **Commission** emphasised the current high level of uncertainty regarding the situation after March 2019 and a potential transition period. However, the collection of data on the UK market share is an important preparatory measure.¹⁷ The **UK** confirmed that it envisages continuing the phase-down in line with the EU system to not disrupt investment decisions and climate objectives. An exacerbation of supply is not wanted. The UK is currently carrying out a data collection exercise. The UK asked all companies with a reference value on how much they placed on the UK market over the last three years as information basis for a possible future UK quota system. This process of gathering information is still ongoing and companies affected must respond by the end of May.¹⁸ **JBCE** pointed out that a separate system in the UK would have a huge impact on companies as well as doubling the administrative burden.

5. Information on the next implementation steps

Finally, the **Commission** informed about the upcoming work. The Commission will extend the price monitoring to authorisations and the phase-down monitoring to availability of HFCs as well as a state-of-technology assessment on alternatives to F-gases in the various sectors. In addition, it will continue its (i) work on improving the F-gas portal, (ii) maximising the quota by distributing any leftovers (from penalties etc.) to new entrant companies, (iii) continue working closely together with TAXUD on customs issues and promoting the single window initiative as effective tool to control trade in the EU, (iv) follow closely the standard process, (v) support spreading the relevant messages to stakeholders and (vi) implement the relevant measures regarding BREXIT. Most importantly, the Commission will ascertain through the implementation that the ambition level of the phase-down will remain as mandated by the F-gas Regulation. Looking forward to next year, the Commission will start working towards a report on secondary switchgear and single split air-conditioning systems to be published by July 2020 (to be carried out by an external consultant) and a second report on the availability of HFCs to be published by December 2020.

¹⁷ https://ec.europa.eu/clima/sites/clima/files/docs/0106/2018_03_06_slides_en.pdf.

¹⁸ Deadlines: 18 May for the data collection exercise by European Commission; end of May for the exercise by UK's DEFRA.

Annex: Attendance List

Chair:

European Commission, Directorate-General for Climate Action

Invited Experts:

Öko-Recherche

Öko-Institut e.V. (Institute for Applied Ecology)

LIFE-Project FRONT

LIFE-Project REAL ALTERNATIVES

Forum Members present:

Austria, Belgium, Bulgaria, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Spain, Sweden, United Kingdom

Air Conditioning and Refrigeration European Association (AREA)

American Chamber of Commerce to the EU (AmCham EU)

Association of European Refrigeration Component Manufacturers (ASERCOM)

Business Europe

Carbon Market Watch (Nature Code)

Climate Action Network Europe (CAN)

Environmental Investigation Agency (EIA)

EuroCommerce

European Aerosol Federation (FEA)

European Chemical Industry Council (CEFIC)

European Cold Storage and Logistics Association (ECSLA)

European Committee of Domestic Equipment Manufacturers (CECED)

European Electronic Component Manufacturers Association (EECA)

European Environmental Bureau (EEB)

European Environmental Citizens` Organisation for Standardisation (ECOS)

European Heating Industry Association (EHI)

European Heat Pump Association (EHPA)

European Partnership for Energy and the Environment (EPEE)

European Vending Association (EVA)

Federation of European Rigid Polyurethane Foam Associations (PU EUROPE)

Greenpeace European Unit

Japan Business Council in Europe (JBCE)

Japan Refrigeration and Air-Conditioning Industry Association (JRAIA)

Refrigerants, Naturally! (RefNat)

Shecco

T&D Europe

Transfrigoroute International (TI)

WWF European Policy Programme