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ClientEarth  
Justice for the Planet

CDM Watch  
Scrutinizing Carbon Offsets

Brussels, 3 July 2012

*via electronic mail*

Connie Hedegaard  
Commissioner for Climate Action  
Berlaymont Building  
1049 Brussels

Dear Commissioner Hedegaard,

As part of the ongoing review of *Regulation (EC) No 842/2006 on Certain Fluorinated Greenhouse Gases*, the European Commission is considering additional measures to reduce emissions of fluorinated gases, many of which are thousands of times more powerful in climate forcing than carbon dioxide (CO<sub>2</sub>). The Environmental Investigation Agency (EIA), European Environmental Bureau (EEB), Greenpeace, World Wide Fund for Nature (WWF), Deutsche Umwelthilfe (DUH), Climate Action Network Europe (CAN-E), Institute for Governance & Sustainable Development (IGSD), Natuur & Milieu, CDM Watch and ClientEarth welcome efforts to reduce emissions of these chemicals, and we strongly urge the Commission to ensure that any new proposal brought forward displays an appropriate level of ambition by adopting “placing on the market” (POM) prohibitions for hydrofluorocarbons (HFCs) in new products and equipment.

According to recent Commission-funded and independent analyses, considering only alternative equipment with *equal or greater energy efficiency* than HFC-based equipment, climate-friendly and safe alternatives can fully satisfy market demand for new equipment in 20 subsectors by 2015 or 2020, depending on the subsector, and most of the remaining subsectors no later than 2030. These findings overwhelmingly justify POM prohibitions for those subsectors beginning in 2015. Despite this, we are greatly concerned that economy-wide quantitative limits (often referred to as a “phase down”) are being considered as the primary policy option in the preparation of the proposal for the F-Gas Regulation. This not only falls far short of the ambition needed in this revision, but contradicts the Commission’s mandate in the F-Gas Regulation to amend Annex II to include additional products and equipment when alternatives are technically feasible, energy-efficient and cost-effective.

Quantitative limits without subsector-specific POM prohibitions are clearly destined to underperform for the following reasons, which are elaborated upon in the attached annex:

- Phase-down schedules under consideration now will provide little, if any, downward pressure to reduce the quantity of HFC-based equipment placed on the market until long after 2020. This will lock in the use of leaky HFC-based equipment for decades, resulting in unnecessary HFC emissions and squandering energy efficiency and cost benefits from transitioning to alternatives.

- Clear market signals with concrete timeframes for companies and investors *in each subsector* are needed to ensure proper planning and investment to transition fully to alternatives.
- Allowing HFC-based equipment when it is no longer necessary places unnecessary reliance on containment and recovery measures that are not only expensive but suffer from well-known compliance and enforcement problems.

There is no substitute to POM prohibitions, and the opportunity to make up for lost ambition in the current F-Gas Regulation will be squandered without them.

We therefore call on you to maintain leadership on this critical climate issue by ensuring that any proposal for the review of the F-Gas Regulation includes subsector-specific POM prohibitions in all subsectors. All other measures (including quantitative limits and improvements to containment and recovery) should be complementary to POM prohibitions. We believe this is the only way in which this crucial piece of climate legislation can deliver its objective on a timescale responsive to climate science.

Yours sincerely,

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**Jorgo Riss**  
Greenpeace European Unit  
Director

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**Julian Newman**  
Environmental Investigation Agency  
Campaigns Director

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**Dorothee Saar**  
Deutsche Umwelthilfe  
Head of Traffic and Air Pollution

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**Tony Long**  
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**Wendel Trio**  
Climate Action Network Europe  
Director

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**Tjerk Wagenaar**  
Natuur & Milieu  
Director

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**Eva Filzmoser**  
CDM Watch  
Director

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**Durwood Zaelke**  
IGSD  
President

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**James Thornton**  
ClientEarth  
Director

## Annex

### Limits of the “Phase-Down” Approach and Reasons Why Subsector-Specific POM Prohibitions Are Needed

**GWP Differential.** Economy-wide quantitative limits should be seen as a complement to, not a substitute for, POM prohibitions. This is due in large part to the considerable differences in global warming potential (GWP) among HFCs—ranging from GWP 4 to GWP 14,800—which set HFCs apart from other greenhouse gases and their ozone-depleting predecessors. Any downward pressure exerted by a GWP-based cap will be reduced, if not eliminated, through the simple use of slightly lower GWP HFCs and blends in new HFC-based equipment. This means that new HFC-based equipment would continue to be placed on the market long after proposed POM prohibition dates, stifling the introduction of alternatives and placing continued reliance on containment and recovery measures that suffer from well-known compliance and enforcement problems. The implications are threefold:

- *Climate Mitigation.* Allowing leaky HFC-based equipment with lifetimes extending several decades into the future to be placed on the market when no longer necessary will undermine climate targets in 2030 and beyond. With the average lifetime of the equipment between 10 to 30 years depending on the subsector, there is a need to prevent new HFC-based equipment from being placed on the market now to reduce emissions later. In addition, under an economy-wide approach, advances in one subsector simply accrue to the benefit of laggard subsectors. For example, early transition to alternatives in commercial refrigeration, which might occur in any case because of the cost and energy savings from alternatives being experienced by retailers, would mean that the stationary air conditioning sector could use high levels of HFCs for longer than necessary. Any benefit from quicker-than-expected transitions is lost.
- *Energy Efficiency.* Allowing HFC-based equipment will result in higher energy consumption since alternatives have equal or greater energy efficiency, and can be expected to achieve significantly higher efficiency as they move along the innovation curve. This is particularly relevant in light of the Union’s 20% energy savings objective in 2020 compared to projections. Increased energy efficiency decreases reliance on fossil fuels and reduces running costs for consumers.
- *Cost-Effectiveness.* Continuing to allow HFC-based equipment to enter the market will have a negative impact on the cost-effectiveness of emissions reductions. From a CO<sub>2</sub>-equivalent perspective, it prolongs dependency on flawed containment and recovery measures that are less cost-effective than swapping to alternatives. Indeed, replacing HFC-based equipment with low-GWP alternatives abates over 99% of GHG emissions over the lifetime of the equipment at a fraction of the CO<sub>2</sub>-equivalent cost compared to containment and recovery measures – whose reliance upon is prolonged through quantitative limits. From a consumer perspective, alternatives often result in lifetime cost savings, considerations that are particularly relevant during these times of austerity and economic downturn.

**Market Uncertainty.** Economy-wide quantitative limits send unclear market signals at a time when companies need market certainty. For example, a provider of alternatives in any given subsector must divine what the future marketplace will be and whether HFC-based equipment will continue to enjoy unfettered access or not. This impacts resource allocation and strategic planning, decisions such as whether to invest in production facilities in one Member State or to retain staff in another. The chronic market uncertainty across all subsectors penalizes smaller enterprises, which have less room to manoeuvre than their larger competitors and rely more on outside investment. Subsector-specific POM prohibitions, on the other hand, send *clear market signals with concrete timeframes for companies and investors in each subsector*, spurring the necessary planning and capital investments to achieve scale of production and meet market demand. Clear market signals have the added benefit of putting the European economy in a strong position in a post-HFC world.

**Compliance and Enforcement.** Reliance on quantitative limits raises significant problems of compliance and enforcement. Allowing HFC-based equipment when it is no longer necessary places unnecessary reliance on containment and recovery measures that are not only expensive, but suffer from compliance and enforcement problems. It is worth stressing that implementation issues have beset the F-Gas Regulation since inception and estimates of emission reductions associated with containment and recovery assume full implementation – a highly optimistic scenario with no basis in reality.