

SUMMARY OF THE OUTCOME OF THE ENVI COMMITTEE VOTE ON THE F-GAS REGULATION

The European Parliament's Environment (ENVI) Committee voted on 19 June 2013 to endorse a report on a revised F-Gas Regulation with a strong majority. The Members of the European Parliament (MEPs) also agreed to open first-reading negotiations with the Council on the basis of the report.

The ENVI report proposes sensible measures that are supported by an unparalleled body of technical evidence and real-world experiences. Multiple expert hearings and Parliament events provided additional technical input—in addition to countless meetings with all stakeholders—resulting in a comprehensive and technically accurate report that promotes European businesses and strengthens the European economy while protecting the environment.

The ENVI report is now before the Council, and comments from Member States have been solicited. This briefing note explains the main features of the ENVI report.

Annex III Bans in New Equipment (Amendment 84)

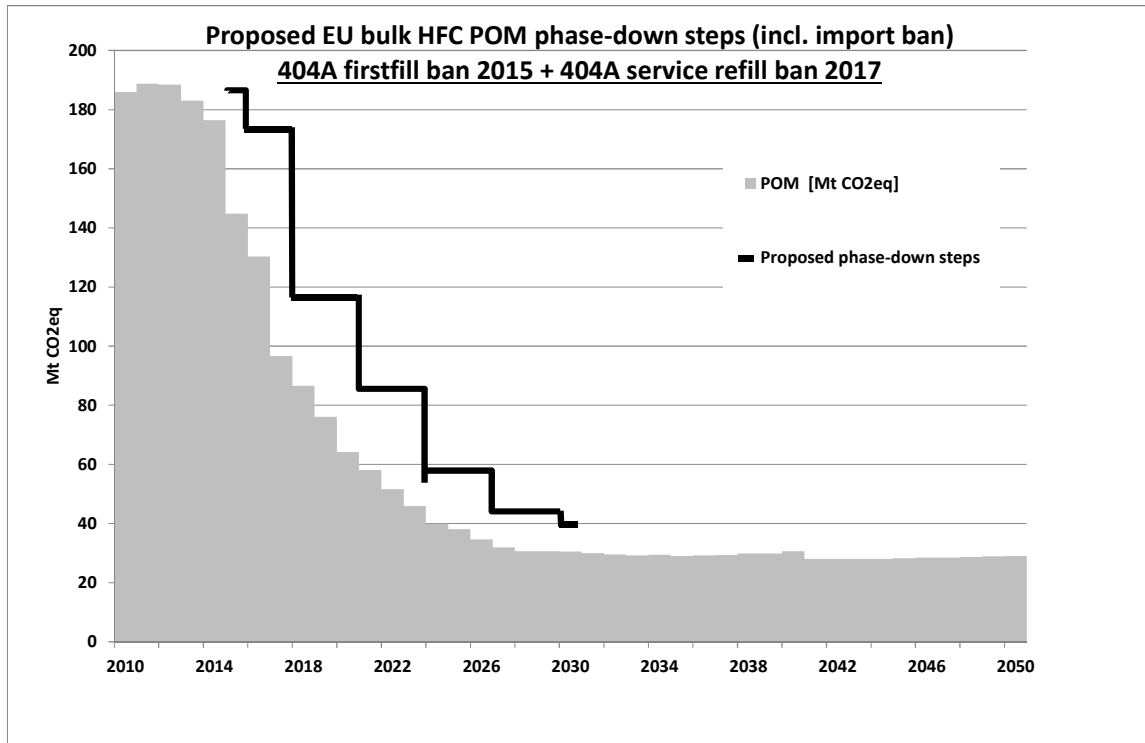
The ENVI report amends Annex III to include additional placing on the market prohibitions (bans) on new equipment containing fluorinated greenhouse gases. The bans included in the ENVI report are supported by technical analyses undertaken by the Commission, in particular the *Preparatory Study and Impact Assessment*. These analyses are further corroborated by studies from Member States, international bodies and industry consultants. During consideration of the file, it became evident that bans are of utmost importance to European small- and medium-sized enterprises (SMEs), including end users and manufacturers of equipment using alternatives to HFCs, which need a clear market signal to unlock investment in facilities in the European Union.

The accompanying briefing, *The Role of Annex III Bans in the F-Gas Regulation*, outlines in detail the technical support for the bans and how the various amendments work together to provide a clear market signal while allowing flexibility to Member States.

Phase-Down Schedule (Amendment 85)

The ENVI report strengthens the HFC phase-down schedule by lowering the first and last phase-down steps. According to the ENVI report, the amount of HFCs placed on the EU market in 2030 should be reduced to 16% instead of 21% as proposed by the Commission.

Significant over-allocation, however, still remains in the phase-down schedule. The Commission submitted its proposal without accounting for the reduction in HFC demand due to the Article 11 service ban and measures promoting the use of reclaimed HFC chemicals. In response, the Rapporteur, MEP Eickhout, requested a re-run of the *AnaFgas* model to account for these measures (details available upon request), which revealed the extent of the over-allocation:



Details on the methodology applied in the re-run of the *AnaFgas* model are available upon request.

Allocation Fee (Amendment 68)

HFC producers and importers will have to pay an allocation fee of up to €10 per tonne of CO₂-equivalent to access their allocated HFC quota. The exact amount of the fee will be determined by the Commission through delegated acts. The revenues will be used to support the implementation of the Regulation, to address regional differences in costs and to facilitate an international agreement to phase down HFCs.

HFC quotas should not be grandfathered for free to mostly non-EU HFC chemical producers and importers. The fee will encourage producers and importers to access only the number of HFC quotas they require and avoid a situation where they would be able to profit from freely grandfathered quotas, a situation made more likely with an over-allocated phase-down. Reinvesting the revenue in Member States reduces costs on taxpayers while also helping to resolve regional differences.

The accompanying non-paper, **Background Information on AM 276 of the F-Gas Regulation**, drafted by MEP Leinen, explains the justification and need for the allocation fee. [Note: although the original proposal was to place the revenue into LIFE, this reference to LIFE was removed in favour of distributing the revenue to Member States.]

Destruction of By-Product Emissions (Amendment 49)

Producers and importers will not be allowed to place fluorinated greenhouse gases on the EU market unless the by-product emissions produced during their manufacturing process are destroyed. Unnecessary by-product emissions from the manufacturing of CFC-HCFC-HFC chemicals, such as HFC-23,

have undermined climate objectives and cost European companies billions through the CDM and EU ETS. Requiring the destruction of these by-product emissions will preserve the climate benefits of the F-Gas Regulation by ensuring that reductions in direct emissions from using HFOs and lower-GWP HFCs are not undermined by increases in by-product emissions.

Updating Safety Legislation (Amendment 58)

The ENVI report also seeks to address the issue of outdated safety legislation that prevents the uptake of flammable alternatives such as hydrocarbons. Member States will have to report on national legislation and building codes restricting the use of flammable refrigerants and put forward proposals to update those restrictions which are not in line with technological developments that make the handling of flammable refrigerants safe. The Commission will review restrictions introduced in European and international standards and propose actions to align those with technological developments in order to allow for the introduction of hydrocarbons where appropriate and address abuses of standards.

Improved Recovery (Amendment 54)

Member States must ensure recovery schemes are in place to promote the recovery, recycling and reclamation of fluorinated gases at national level. Such recovery schemes will promote the cost-effective reclamation, recycling and destruction of HFC chemicals in discarded products and equipment, including foams, and ensure a level playing field across Member States. The manner in which these schemes are constructed is left to the discretion of Member States.

Improved Containment (Amendments 33 and 39, and 41, 42 and 43)

The Commission will adopt maximum leakage rates specific to each type of equipment, based on best industry practices. Moreover, leakage checks are extended to mobile equipment, which captures additional cost-effective emission reductions.