



Brief Notes on European Parliament/Council agreement on the revision of F-gas regulation

On-going process:

The final agreed text was approved on 17th December by the European Member States ambassadors. It will then be published and sent to the Parliament and Council for final approval. This will require a vote in the Parliament Environment Committee and then the Parliament plenary which will probably be in February or March 2014 and it will, afterwards, require approval by the European Council. Neither approvals are likely to be controversial – the vote in both is either “yes/no”; changes (other than legal corrections) cannot be proposed/made.

Main Headlines

The Regulation establishes the following:

- Cap and phase-down for the placing on the market of HFCs.
- Bans or restrictions based on GWP of the use of F-gases in some new equipment, such as refrigerators and air conditioners, insulating foams and technical aerosols.
- Conditions (for example, reporting on quantities of HFCs contained and the need for HFC import quotas) on the placing on the market of products and equipment containing or relying upon F-gases.
- Future restrictions on servicing/maintenance of equipment using HFCs.
- Rules regarding containment, use, recovery and destruction of HFCs.
- The Regulation will apply from 1 January 2015.

The aim of the agreed regulation is to reduce F-gas emissions by two-thirds of today's levels by 2030 and to encourage the use of viable and more climate-friendly alternatives where they are readily available.

Some Detail

1. Phase-down steps

The regulation introduces a phase-down mechanism involving a gradually declining cap on the total placement of bulk HFCs (in tonnes of CO₂ equivalent) on the market in the EU.

Base line: 2009-12 average placed on the market into the Union

| Year | |
|---------|------|
| 2015 | 100% |
| 2016-17 | 93% |
| 2018-20 | 63% |
| 2021-23 | 45% |
| 2024-26 | 31% |
| 2027-29 | 24% |
| 2030 | 21% |

Note: HFCs are mainstream HFCs, HFEs and HFOs are not covered by the Cap & Phase-down mechanism.

2. Restrictions/Bans (Annex III)

The regulation also introduces bans on the placing on the market on the following:

- Domestic refrigerators and freezers containing HFCs with a global warming potential (GWP) of 150 or more as from 1 January 2015.
- Refrigerators and freezers for commercial use containing HFCs with a GWP of 2500 or more from 1 January 2020, and containing HFCs with a GWP of 150 or more from 1 January 2022.
- Stationary refrigeration equipment that contains or relies upon for its functioning HFCs with a GWP of 2500 or more from 1 January 2020.
- Centralised refrigeration systems for commercial use with a capacity of 40kW or more that contain or rely upon their functioning, fluorinated gases with a GWP of 150 or more, from 1 January 2022.
- Movable room air-conditioning appliances that contain HFCs with GWP of 150 or more from 1 January 2020.
- Single split air-conditioning systems containing less than 3 kg of F-gases that contain F-gases with a GWP of 750 or more from 1 January 2025.
- Foams that contain HFCs with a GWP of 150 or more, extruded polystyrene from 1 January 2020 and other foams 1 January 2023.
- Technical aerosols that contain HFCs with a GWP of 150 or more from 1 January 2018.

Exemptions from Annex III Bans (Article 9.3)

“The Commission may, exceptionally, and taking into account the objectives of this Regulation and following a substantiated request by a competent authority of a Member State, by means of implementing acts, authorise a time-limited exemption of up to four years to allow the placing on the market of products and equipment listed in Annex III containing, or whose functioning relies upon, fluorinated greenhouse gases, where it is demonstrated that, for a particular application, technically feasible alternatives are not available, or cannot be used for technical or safety reasons, or where the use of such alternatives would entail disproportionate costs. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 21.”

3. HFC Import quota

The Commission shall allocate quotas for placing HFCs on the market for each producer and importer for each year beginning with the year 2015 applying the allocation mechanism laid down in Annex VI (Article 14, paragraph 5).

The reference values for the producers and importers will be re-calculated by 31st October 2017 and every three years after that on the basis of the annual average of the quantities of HFCs lawfully placed on the market after 1st January 2015 as reported under Article 17 for the years available (Article 14, paragraph 3).

Each producer/importer will receive a quota corresponding to 89% of the reference value multiplied by the percentage. The remaining percentage will cover imports from newly registered importers and HFCs that are imported in equipment.

4. Import of equipment rules/Traceability (Article 12)

A detailed traceability process has been established for the import of equipment containing HFCs. From 1 January 2017 refrigeration, air conditioning and heat pump equipment charged with HFCs shall not be placed on the market unless the HFCs charged into this equipment **are accounted for within the HFC quota system**. An annual declaration of conformity by equipment manufacturers/producers, verified by an external auditor, is required.

5. Servicing (Article 11, paragraph 3)

A number of provisions on servicing have been introduced.

The use of fluorinated greenhouse gases with a GWP > 2500 to service or maintain refrigeration equipment with a charge size of 40 tonnes of CO₂ equivalent or more, shall be prohibited from 1 January 2020. This provision shall not apply to military equipment or equipment intended for applications designed to cool products to temperatures below -50°C

Until 1 January 2030, this provision shall not apply to reclaimed fluorinated greenhouse gases with a GWP > 2500 used for the maintenance or servicing of existing refrigeration equipment, provided that they have been labelled in accordance with Article 10 (4a) to Article 9 (3).

Until 1 January 2030 this provision shall not apply to recycled fluorinated greenhouse gases with a GWP>2500 used for the maintenance or servicing of existing refrigeration equipment provided they have been recovered from such equipment. Such recycled gases may only be used *by the undertaking* which carried out their recovery as part of maintenance or servicing or the undertaking for which the recovery was carried out as part of maintenance or servicing.

6. Reporting requirements, record keeping

Undertakings importing, producing and exporting Fluorinated Greenhouse gases in excess of 100 tonnes of CO₂-eq. and gases listed in annex II (essentially non-HFCs) have annual reporting obligations.

Undertaking that placed more than 500 tonnes of CO₂-eq. and gases listed in annex II **contained in products or equipment** on the market also have annual reporting obligations.

If the quantity placed on the market by an undertaking exceeds 10'000 tonnes of CO₂-eq, the data must be verified by an independent auditor accredited under the ETS regulation, or accredited to verify financial statements.

Suppliers of HFCs shall keep records including if appropriate the certification numbers of the purchasers.

7. Review clauses:

- 1 July 2017: Report on the Annex III, point 11b (the multipack centralized systems) to see if alternatives are available and viable.
- Report assessing the quota allocation method, including the impact of grandfathering and the costs of implementing this Regulation in Member States and of a possible international agreement on HFCs.
- In view of this, a legislative proposal may be presented to amend the quota allocation method (fees, auctioning, etc.).
- 1 July 2020: Report on Annex III, single split AC and the availability of alternatives.
- 31 December 2020: Report on the availability of HFCs on the Union market.
- 31 December 2022: A comprehensive report on the effects of this Regulation.