F-gas consultation forum, 6 March

EPEE/JRAIA/JBCE comments

EPEE/JRAIA/JBCE welcome the 3rd f-gas consultation forum as a well-timed initiative and occasion for all stakeholders to discuss the challenges and opportunities arising from the implementation of the new F-gas Regulation. This paper outlines our main priorities and concerns with regards to the points discussed during the meeting.

**Standard setting for flammable refrigerants**

The timely uptake of lower GWP alternatives – many of them mildly flammable (A2L) or flammable (A3) - is crucial for the EU to meet the HFC phase-down steps. In this context, EPEE/JRAIA/JBCE emphasize the importance of adapting national level building codes in order to allow the use of these much needed alternative refrigerants (i.e. A2L and A3). We commend the progress made in France and Spain and call on all Member States to address this barrier as a matter of priority.

EPEE/JRAIA/JBCE also underline the importance of an orderly standard development process with broad participation from industry. We would like to stress that work to update standards for flammable refrigerants has to take place in a coordinated manner at the different levels and it is crucial that any additional initiatives running in parallel do not hinder or slowdown the work of the standardisation committees.

**Information on training of personnel for the safe handling of alternative refrigerants**

EPEE/JRAIA/JBCE support initiatives that ensure that the personnel handling alternative refrigerants have the right set of skills. The lack of skills currently constitutes a barrier in the market taking up lower GWP refrigerants, in particular if they are flammable (A2L, A3) or have a high pressure.

Thus, EPEE/JRAIA/JBCE support initiatives such as REAL ALTERNATIVES and calls on Member States to make available the necessary resources, including adequate facilities, for the training of personnel.

**Information on the progress of the HFC phase-down**

EPEE/JRAIA/JBCE have been supportive of the HFC phase-down from the start and we are committed to achieving the phase-down reduction steps. Therefore, we welcome the ongoing refrigerants price monitoring by the European Commission as an important tool to understand the impact of the phase-down on the market.

To the same end, we recommend carrying out a separate study and regular monitoring of authorisations’ prices. In that context we would like to remind of the impact of the refrigerant inventory accumulated on the market in 2014 and consumed in the following years, which meant
that bulk gas production and import were lower than the baseline. At the same time, we are concerned that the HFC registry data summary for 2015 and 2016 is only a snapshot not taking into account fluctuations in weather patterns - especially in summer, these would require more imports and hence more quota authorisations. This could in turn impact the phase down step in 2021 and we believe that earlier commercialization of the products using low-GWP refrigerant is necessary.

We would also like to raise concerns regarding the rapid increase of refrigerant price, and to draw attention to the potential social implications of a lack of refrigerants on the market on important facilities such as hospitals, laboratories, server rooms, etc.

In the interest of accuracy, EPEE/JRAIA/JBCE would also like to point out that the prices of refrigerants introduced by the Commission in the ‘Briefing Paper’ and explained during the Consultation Forum of 20EUR/tCO2 are not reflective of the current market situation. The same can be said about the cost of quota authorisations.

Therefore, any initiatives to ease the market pressure generated by high prices and refrigerants’ scarcity are welcome. In that context, EPEE/JRAIA/JBCE welcome the European Commission’s proposal to ensure that all quota is used appropriately through making unused quota and/or quota freed up by penalties available back to the overall quota pool.

**Exemption for the export of pre-charged equipment**

Finally, EPEE joins EHPA, CECED and EHI in asking for pre-charged equipment exports to be exempted from the quota system. This practice is counterproductive as it consumes quota unnecessarily, has a negative impact on the competitiveness of EU manufacturers and is against the principle of exporting new innovative technologies. We would like to stress that, in light of recent developments on the market, such as high quota prices and very low availability, exempting pre-charged exports from the quota system would contribute to alleviating the pressure on the market.

**Illegal trade**

EPEE/JRAIA/JBCE welcome initiatives such as those in France, Poland and the Netherlands to improve customs checks and strengthen market surveillance, as well as the work of the European Commission to introduce the ‘single window’ improving the efficiency and effectiveness of customs controls.

On the other hand, we would like to stress that online sales of HFCs remain an important concern and we welcome initiatives such as those in France and Germany to ensure that those parties responsible are held accountable.

**Next implementation steps**

Going forward, EPEE/JRAIA/JBCE support continued efforts to monitor HFC and quota prices and availability on the market, technology developments and market trends in order to ensure that
the market impact of the phase-down is known by all stakeholders. The results of these studies should be communicated in a transparent way, for example via DG CLIMA’s website. We would ask that the Commission take the appropriate measures in case irregular pricing is identified through the price monitoring system.

Regarding the “Brexit” impact on the F-gas Regulation, the undersigned associations are concerned that the ongoing effort by the Commission to recalculate the reference values by subtracting the UK market share from the total will inevitably lead to a further reduction of the quotas to be allocated from April 2019 onwards. Needless to say, this will further impact an already strained market and this impact will also need to be duly taken into account by the Commission.

It is also crucial to continue the work on the F-gas Portal, especially on the new module on penalties and to maintain the cooperation with custom authorities, in particular looking at what other areas for cooperation can be identified in addition to the broader ‘single window’ initiative.
ABOUT EPEE:

The European Partnership for Energy and the Environment (EPEE) represents the refrigeration, air-conditioning and heat pump industry in Europe. Founded in the year 2000, EPEE’s membership is composed of 40 member companies, national and international associations.

EPEE member companies realize a turnover of over 30 billion Euros, employ more than 200,000 people in Europe and also create indirect employment through a vast network of small and medium-sized enterprises such as contractors who install, service and maintain equipment.

EPEE member companies have manufacturing sites and research and development facilities across the EU, which innovate for the global market.

As an expert association, EPEE is supporting safe, environmentally and economically viable technologies with the objective of promoting a better understanding of the sector in the EU and contributing to the development of effective European policies. Please see our website (www.epeeglobal.org) for further information.

ABOUT JRAIA:

JRAIA, the Japan Refrigeration and Air Conditioning Industry Association, was originally established in February 1949 as the Japan Refrigerating Machine Manufactures Association which was thereafter reorganized in February 1969 to become an incorporated association and renamed as it is at present.

JRAIA is the trade association representing over 170 manufacturers of refrigeration and air conditioning equipment in Japan. Member companies of JRAIA have been dedicated to offering quality products to the EU market. JRAIA aims to promote and improve production, distribution and consumption of refrigeration and air conditioning equipment and their applied products, as well as auxiliary devices and components, automatic controls and accessories and thereby contribute to the steady development of HVAC&R industry and the improvement in people’s standard of living.

For more information, please see our website www.jraia.or.jp

ABOUT JBCE:

Founded in 1999, the Japan Business Council in Europe (JBCE) is a leading European organisation representing the interests of over 80 multinational companies of Japanese parentage active in Europe.

Our members operate across a wide range of sectors, including information and communication technology, electronics, chemicals, automotive, machinery, wholesale trade, precision instruments, pharmaceutical, railway, textiles and glass products. In 2013, our member companies together represented global sales of € 1.4 trillion.

Website: www.jbce.org