

EPEE NEWS

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A Newsletter from the European Partnership for Energy and the Environment (EPEE)

- I. Update on F-Gas Regulation** **2**

The European Commission and the Council are currently examining the Parliament's position as adopted in Second Reading. The main issue remains the draft provision allowing Member States to maintain or introduce stricter protective measures than the ones foreseen in the Regulation. This situation is leading into a Third reading – the conciliation process. First official meetings are scheduled for late January.
- II. Eco-Design for Energy-Using Products (EuP) Directive** **2**

The Eco-Design Framework Directive was published in the Official Journal in July 2005. The Commission published a call for tender in July 2005 for contractors to undertake the studies to prepare possible implementing measures on eco-design requirements for energy-using products in the priority products including residential room conditioning appliances and commercial and domestic refrigerators and freezers. The studies will involve affected stakeholders. It is expected that these consultations will kick-off in Spring 2006.
- III. WEEE/RoHS Update** **3**

The RoHS deadline is also fast approaching – by 1 July 2006 electrical and electronic equipment will no longer be allowed to contain hazardous substances, namely no lead, mercury, cadmium, hexavalent chromium, PBBs or PBDEs. Open questions still remain for the HVACR sector in relation to grey areas in terms of the exact scope of WEEE/RoHS and the interpretation of definitions such as placing on the market and installed goods.
- IV. Parliament report on heating and cooling from renewable energy sources** **3**

The European Parliament Industry, Research and Energy (ITRE) Committee has made public its own initiative draft report on heating and cooling from renewable energy. The Parliament requests a Commission proposal by 31 July 2006 to increase the share of renewable energy in heating and cooling. The vote in committee is scheduled for 24 January 2006, with the plenary vote expected by mid-February 2006.
- V. Outcome of Montreal Climate Change Conference** **4**

The United Nations Climate Change Conference took place in Montreal from 28 November until 9 December. At the conference, a new working group was established to discuss future commitments for developed countries for the period after 2012. It will start work in May next year.
- VI. Commission Work Programme for 2006** **4**

The Commission published its 2006 Working Programme at the end of October. Climate change figures prominently as a challenge under the solidarity objective. 2006 will be a critical year for multilateral climate negotiations and making commitments under the Kyoto Protocol for the post-2012 period. Key proposals include a Green Paper on adaptation to climate change and an Action Plan on Energy Efficiency.
- VII. Environment- and Energy-related priorities of the Austrian Presidency** **5**

Austria will take over the Presidency of the EU from 1 January – 30 June 2006. The Presidency will deal with the third reading/conciliation process of fluorinated gases and batteries. Energy efficiency will stay high up the policy agenda as a follow-up to the recent Commission's Green paper. Consultations are ongoing until the end of March 2006 and a proposal for an action plan is awaited after this.

**EPEE is a business partnership committed
to responsible global energy and environmental policy.**

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I. Update on F-Gases Proposal

On 26 October 2005, the European Parliament adopted the proposal for a Regulation on fluorinated greenhouse gases in 2nd reading. The overall outcome of the vote was positive for EPEE, as the Parliament rejected all requests for additional bans and supported the split legal basis proposed by the Council in its Common Position. The European Commission and the Council are currently examining the Parliament's position.

The main issue at this stage remains the draft provision allowing Member States to maintain or introduce stricter protective measures than the ones foreseen in the Regulation. The compatibility of this provision with the legal bases of the proposal and the EC Treaty is questioned by a number of Member States. Therefore, the Council is not able to accept the Parliament's position.

This situation is leading the F-Gas proposal into a 3rd reading – the conciliation process - where representatives of the Council and of the Parliament will try to find a solution acceptable to both parties. First official meetings are scheduled for late January.

II. Eco-Design For Energy-Using Products (EuP) Directive

The final text of the Eco-Design Framework Directive was published in the Official Journal in July 2005. Eco-design, which means the integration of environmental considerations at the design phase, is thought of as the best way to improve the environmental performance of products. The Directive paves the way for the definition of eco-design specifications on a product-specific basis. Self-imposed measures by industry will be given priority over regulation if they are deemed to be more

efficient – manufacturers will only be bound by the legal obligations of the Directive if they adopt the implementing measures.

The actual measures will be taken on a product-by-product basis by the Commission under the supervision of a designated panel of EU Member State experts as part of the so-called fast-track committee procedure. The measures, to be decided over the next two years, will define energy performance for each product and the related labelling to enable consumers to make informed choices. They will also carry information to encourage consumer responsibility in contributing to energy savings.

The Commission published a call for tender in July 2005 for contractors to undertake the studies to prepare possible implementing measures on eco-design requirements in the priority products areas identified. The products included of interest to EPEE are residential room conditioning appliances and commercial and domestic refrigerators and freezers. These three products will be subject to an individual stand-alone study.

These studies are intended to provide the necessary background for assessing whether and which eco-design requirements - including energy efficiency requirements - are justified for a particular product or group of products. For some of the products, the studies will also consider possible labelling schemes.

The study will identify: market characteristics for the product, the relevant environmental aspects of the product to be covered and their potential for improvement, possible self regulation by industry, existing relevant legislation and standards, needs for standards to be developed.

The studies will involve affected stakeholders and will carry out continuous information and consultation through the Internet. The studies will

include the necessary elements for the Commission to establish an impact assessment. The Commission has decided on a contractor for each lot and the name of these contractors will be made public early in 2006. It is expected that the consultation will kick-off in Spring 2006.

III. Waste of Electrical and Electronic Equipment (WEEE)/ Restriction of Hazardous substances (RoHS) Update

The past several months have seen the first steps towards the implementation of the WEEE Directive across Member States. On 13 August 2005 producers became responsible for the collection, treatment, and recovery of waste electrical and electronic equipment, as well as their appropriate labelling. Separate collection schemes for waste equipment were also to be operational by this point – producers should by now either be part of a collective scheme or have drawn up an individual take-back plan in consultation with legislation in individual Member States. The collection, recovery and recycling targets set out in the WEEE Directive are to be met by 31 December 2006.

Despite this implementation deadline, there are a number of Member States that have not yet implemented the WEEE Directive in full, including most new Member States, Greece and Ireland (both of whom got the implementation deadline extended because of their lack of recycling infrastructure), and the UK. Detailed and updated information on the transposition of the WEEE Directive in Member States is available in the latest Perchards' Report (http://www.dti.gov.uk/sustainability/wee/Perchardsreport_November05.pdf).

The RoHS deadline is also fast approaching – by 1 July 2006 electrical and electronic equipment will no longer be allowed to contain hazardous substances, namely no lead, mercury, cadmium, hexavalent chromium,

polybrominated biphenyls (PBBs) or polybrominated diphenyl ethers (PBDEs). The applications exempt from the RoHS Directive are listed in its Annex. On 16 December 2005 the Commission launched its fourth stakeholder consultation on the possible amendment of the exemptions Annex. Fifteen applications are to be considered for exemption; none of them is directly related to the HVACR industry. The consultation will close on 10 February 2006.

(http://europa.eu.int/comm/environment/waste/rohs_4_consult.htm)

As far as the scope of WEEE and RoHS is concerned, there are a number of “grey areas,” including split system air-conditioning, which are not clearly in or out of the scope of the Directives, and which are expected to cause problems at implementation. Furthermore, it is unclear whether installed equipment, clearly excluded from the WEEE scope, is in or out of the RoHS scope. Finally, the definition of “placing a product on the market” for the purposes of RoHS counts from the time the product leaves the factory or from when it arrives on the store shelf, a considerable difference in some cases and one that will create ripples around the 1 July 2006 deadline unless clarified.

IV. European Parliament report on heating and cooling from renewable energy sources

The European Parliament Industry, Research and Energy (ITRE) Committee own initiative draft report on heating and cooling from renewable energy sources has been made public. The Rapporteur on this issue is the German Socialist Mechtild Rothe.

Key elements of interest in the draft include:

- A Parliament request for a Commission proposal by 31 July 2006 to increase the share of renewable energy in heating and

cooling (on the basis of an environmental legal base, Article 175);

- The aim is to increase the share of renewable energy sources (RES) in heating and cooling from 10% to 25% by 2020;
- This future measure should create a legislative framework for national financial instruments and nationally binding objectives. Each Member State should establish a national binding target by 2020. There should be a clear definition of the type of energy concerned. There should also be a Europe-wide monitoring system of progress;
- The Rapporteur sees the recent Communication from the Commission on the biomass action plan as a measure in a specific sector to complement the future Directive. This Communication confirms the Commission's intention to come up with a proposal for the share of RES in heating and cooling in the course of 2006.

The vote in committee is scheduled for 24 January 2006, with the plenary vote expected by mid-February 2006.

V. Outcome of Montreal Climate Change Conference

The United Nations Climate Change Conference took place in Montreal from 28 November until 9 December. The Parties to the United Nations Framework Convention on Climate Change (UNFCCC) met for the 11th time (marking the entry into force of the Kyoto Protocol). At the same time, the first meeting of the Parties to the Protocol (MOP) ran parallel to the Conference of the Parties to the Convention (COP).

At the conference, a new working group was established to discuss future commitments for developed countries for the period after 2012. It will start

work in May next year. The text however did not spell out what type of "commitments" they would seek.

In addition, during the first week of the conference, the rulebook of the 1997 Kyoto Protocol was also adopted. Participants considered the strengthening of the clean development mechanism as one of the main successes. According to the organisers, developed countries committed themselves to fund the operation of the clean development mechanism with over US\$13 million (€11 million) in 2006-2007. The process for methodologies under the clean development mechanism was simplified and its governing body strengthened.

The 2nd Kyoto mechanism - Joint Implementation - was launched and its governing body was set up. Joint Implementation allows developed countries to invest in other developed countries, in particular central and eastern European transition economies, and thereby earn carbon allowances which they can use to meet their emission reduction commitments.

Other major issues covered at the conference included adaptation, compliance regime and technology. The European Commission signed agreements with the Secretariat of UN Framework Convention on Climate Change (UNFCCC) to contribute an additional €853,000 in support of the operation of the Clean Development Mechanism (CDM) and the establishment of the International Registry System, which will keep track of transfers of Kyoto emissions credits. This amount also includes €100,000 to support information exchange on clean technology transfer.

VI. Commission Work Programme for 2006

The Commission published its Working Programme for 2006 at the end of

October, setting out its key strategic objectives of prosperity, solidarity, security, and Europe as a world partner. Climate change figures prominently as a challenge under the solidarity objective. The Working Programme says that 2006 will be a critical year for multilateral climate negotiations and making commitments under the Kyoto Protocol for the post-2012 period. The Commission also believes that the EU will need to maintain momentum in putting climate change measures in place to meet its targets, through national allocation plans, as well as measures such as bringing the aviation sector into the emissions trading scheme and building on the existing voluntary agreements with industry to cut CO₂ emissions from cars.

To this end, the Commission has prioritised a number of items for adoption in 2006, including

- A Green Paper on adaptation to climate change, which will help identify areas where action is needed at Community level to support the EU's adaptation to the increasing adverse effects of climate change. The need to consider EU-level action on adaptation was flagged in the Commission Communication "Winning the Battle against Global Climate Change".
- An Action Plan on Energy Efficiency, as set out in the Lisbon strategy – this will be a follow-up to the 2005 Green Paper "Doing More with Less."
- A Communication from the Commission to the Council and the European Parliament presenting the results of the review of the Community Strategy to reduce CO₂ emissions from cars, the aim is to reach better fuel efficiency.
- A revision of Directive 2001/81/EC on national emission ceilings (NEC) for certain atmospheric pollutants, which is to make concrete the

environmental and health objectives set out in the Thematic Strategy on Air Pollution up to 2020. The revised Directive is expected to limit emissions of acidifying and eutrophying pollutants and ozone precursors to improve the protection in the Community of the environment and human health against risks of adverse effects from acidification, soil eutrophication and ground-level ozone.

VII. Environment- and Energy-related priorities of the Austrian Presidency

Austria will take over the Presidency of the EU from 1 January – 30 June 2006. In this position, it will have to steer discussions in the Council on a number of issues, including on all environmental and energy dossiers submitted to the Council.

Environment Priorities

The Austrian Presidency of the EU will coincide with down time in terms of discussion of the REACH proposal. It is however expected that Austria will have to deal with a third reading/conciliation process of fluorinated gases (see above) and batteries.

Other key priorities include the perennial climate change (on which a Commission Communication is awaited on adaptation and which will be a topic for discussion at the Spring Council as the EU looks to targets and action beyond 2012) and air quality issues.

New proposals which will be adopted during the term of the Austrian Presidency include the long awaited thematic strategies on air pollution, pesticides recycling and waste, natural resources, measures to include aviation in the Emission Trading Directive and an action plan to preserve biodiversity in the EU.

The Austrian Government has also made it clear that it intends to promote

the cause of environmental technologies and push for Council support of the Environmental Technologies Action Plan which is already in place. This issue is expected to feature highly on the agenda of informal ministerial discussions.

Energy Priorities

Given the background of rising energy prices and the agreement at the October Hampton Court European Council that the EU should move towards a common European energy policy, energy policy as a whole will be a key issue to the Austrian Presidency.

As part of moves to a common European energy policy the Commission will issue a Green Paper on a Secure, Competitive and Sustainable Energy Policy for Europe in Spring 2006. This is a fundamental review of the EU's energy policy to ensure that it fully meets the objectives of security of

supply, competitiveness and sustainability.

Energy efficiency will stay high up the policy agenda as a follow-up to the Commission's Green paper 'Energy Efficiency - Doing more with less' of June 2005. Consultations are ongoing until the end of March 2006 and a proposal for an action plan is awaited after this. Wider energy issues including the security of supply will feature on the agenda of third country summits such as the EU/Russia and the EU/China summits.

Other new proposals awaited from the Commission on which Austria will steer initial discussions in the Council are the Action Plan on biomass as well as a Communication on the promotion of renewable energy which will include a review of Directive 2001/77 on the promotion of electricity produced from renewable energy source in the internal electricity market.

Diary

- 1 January Austria takes over the Presidency of the EU until 30 June 2006
- 21 February Communications group meeting, Brussels
- 25 April Steering Committee meeting, Brussels
- 26 April Strategy Committee meeting, Brussels

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