

EPEE ***NEWS***

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

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

Commission resources informed the EPEE Secretariat about the Commission's intention to request more information from the Danish Authorities on the Danish Tax on Industrial Greenhouse Gases, particularly concerning the use of the tax revenue and the exemptions, to enable the Commission to judge the Act according to the State Aid rules. This was the result of an inter-service meeting held on 30th January to examine the Danish Tax Act. At the occasion of the ECCP meeting on 25th January, EPEE announced its intention to submit a complaint against the Danish tax, which will be based on EPEE's position paper sent to the responsible national authorities and to the European Commission.

DANISH HFCs PHASE-OUT PLAN STILL DELAYED

Following regular contacts with the Danish Environmental Agency, it has become clear that the Danish Statutory Order concerning the phase-out of HFCs has been delayed again. It now seems that the delay is not only caused by practical but also by some political problems. It is therefore not sure when the Statutory Order can be expected.

EUROPEAN CLIMATE CHANGE PROGRAMME (ECCP)

ECCP WG5 - Industry Fluorinated Gases sub-group meeting, January 25th, 2001

EPEE and EUCHAR represented the refrigeration and air conditioning industry at the recently held meeting of the Fluorinated Gases sub-group meeting of the ECCP Industry Working Group. Objective of the meeting was to examine the applicability of cross-cutting policy options and instruments for f-gases. More particularly the meeting investigated the development of a European monitoring system, energy efficiency issues, the Integrated Pollution and Prevention Control, caps, positive-negative lists and taxation (the Danish Tax Act was presented). The results of the meeting will be fed into the European Climate Change Strategy to implement the Kyoto Protocol.

Main results

- The Chairman informed the meeting that the Commission has been notified of the Danish Tax and is now examining whether the tax complies with the EC Treaty, more particularly concerning article 28 and 30 (core single market articles). EPEE announced that it would submit a formal complaint on the Danish Tax, mostly based on the position paper that was already sent to the Member States and the Commission.
- The Commission requested elements by the industry on a possible Directive covering HFCs.
- The Commission requested those in favour of positive and negative F-gases lists to make a proposal on how this could be realized. In general, however, the Commission prefers restrictions, possibly with exemptions.

Specific conclusions**- European Monitoring & verification system**

This remains a very difficult issue, but needs to be tackled, also incorporating the trans-boundary import/export aspects. Quality assurance standards and controls need to be examined concerning the Member States' emissions inventories as required by UNFCCC. Member States could possibly benefit by one commonly agreed system. A European approach is likely to achieve more progress (this was supported by the industry).

- Energy efficiency

The importance was stressed, but it remains a very difficult issue. Together with other WGs work needs to continue on developing guiding principles.

- IPPC (Integrated Pollution and Prevention Control) Directive

This is not the complete solution and has a number of weaknesses. With a view of the Best Available Reference Documents (BREFs), work in the existing sectors, such as the large volume organic chemicals and in the food & drink sectors could be relevant for refrigeration in addition to work in the new sectors which will cover HFCs

- Tax instrument

There was agreement that this should not be a priority action for ECCP. **Deposit schemes**

This could be applicable to a small number of sectors, such as the air-conditioning and refrigeration sectors.

- Caps on sales

There was agreement that this would only be accepted if caps were at a high and frozen level.

- Positive and negative lists

Proposals were requested from parties supportive of this instrument.

- Directive

There seemed to be agreement on the need of a Directive covering HFCs. The Commission requested the industry to indicate what the elements of such a Directive should be. The Climate Network Europe had presented a detailed proposal for a Potent Industrial Greenhouse Gases (PIGGs) Regulation, departing from the hypothesis that the final objective should be the banning of all PIGGs.

In its press release following the meeting, EPEE welcomed the Commission's conclusion that taxation should not be a priority for ECCP. It stated "Taxation is a blunt instrument which could easily give the wrong signal to producers and consumers because it does not take into account the full scope of factors and consequences. EPEE is committed to finding ways to reduce emissions but feels that there are more appropriate policy instruments available to do so. Industry is in favour of a watertight scheme to reduce leakages and improve recycling and recovery. Taking existing best practices in EU Member States as a starting point, such a scheme could be based on an EU Directive and would involve obligatory certification concerning quality improvement measures for accounting refrigerants, handlings and prescriptions; technical requirements for design, installation and maintenance, and enhanced competence of personnel through training."

UNCERTAINTY AROUND COP 6 BIS

The Swedish Presidency announced as one of its key priorities the resumption of the Climate Change negotiations in Bonn this May. Efforts will focus on completing the examination of issues unresolved after the meeting of Parties to the Convention on Climate Change in November 2000, and on pressing ahead with internal Union action on global warming. The new United States Government has indicated, however, that it needs more time to review its policy and informed the President of the Conference of Parties 6 (COP6) Mr Pronk that the climate change negotiations should resume not earlier than July. This would give the new US government time to undertake a thorough look at the US policy on climate change.

Nevertheless, within the European Union, work on Climate Change continues in different fora and at different levels.

European Council Working Party on Climate Change

The EU Member States' Working Party on Climate Change had its first meeting under the Swedish Presidency on 11th January 2001 to start preparing for the Conference of Parties 6 "bis". The Working Party confirmed that negotiations should be resumed at the earliest possible stage, so that the Kyoto Protocol can be ratified as soon as possible.

It also discussed how to pursue and enforce the EU internal work aiming at reductions of greenhouse gases. To integrate climate change considerations in the different policy areas, the Commission representatives announced that new working groups would be set up concerning:

- Voluntary Agreements, Joint Implementation (JI) and the Clean Development Mechanism (CDM)
- Agriculture
- Sinks
- Waste (possibly)

This was met with some reluctance, because it is still planned that the final reports will be completed by May/June to be officially presented in June. The meeting also had a first discussion on whether the Commission should already present a proposal for the ratification of the Kyoto Protocol, including burden-sharing and implementation measures. Yet a proposal to ratify the Kyoto Protocol at this stage, as a signal to the rest of the world, did not find sufficient support.

The next meetings of the Climate Change Working Party are planned for 16/17th February and 15/16th March 2001.

EU ENVIRONMENTAL POLICY DEVELOPMENTS

Climate Change is a top priority on the EU environmental agenda. It is one of the four major areas of the European Commission proposal for an environmental strategy. "Environment 2010: Our Future, Our Choice" which was adopted on 24th January.

Concerning **Climate Change**, the new programme will focus on the achievement of the Community's 8% emission reduction target for 2008-2012. The Commission calls, however, also for more far-reaching global emissions cuts in the order of 20-40% by 2020 and cites the scientific estimate that in the longer term a 70% global greenhouse gas emission reduction as compared to 1990 will be needed.

In addition, the programme calls for stronger efforts in energy-efficiency and energy-saving, the establishment of an EU-wide emissions trading scheme, further research and technological development and awareness-raising with citizens so that they can contribute to reducing emissions.

The new Program provides the environmental component of the Community's forthcoming strategy for sustainable development. The Programme will now go to the Council and Parliament for adoption by co-decision procedure. The new Action Plan has already been heavily criticised by the European Parliament's rapporteur, Riita Myller (PES, Finland), who warned that it would need a major overhaul before it could be accepted as planned ahead of the European Summit at Gothenburg in June of this year.

Industry has also expressed its concerns "about apparent inconsistencies of content in the draft programme that undermine its ability to identify a balanced approach to sustainable development". According to UNICE (The EU employers federation) "the approach to climate change seems to be too narrowly focused on the first budget period of the Kyoto protocol, when a more strategic vision is needed. The reference back to the 1992 proposal for an EU carbon/energy tax seems to discount all subsequent discussions of this issue by the Community Institutions."

Sustainable Development Strategy

Climate change will also be a priority for the forthcoming Sustainable Development Strategy. At a presentation attended by Cabinet Stewart Commission Wallström said that a Commission Task Force – chaired by Commission President Mr Prodi himself – is working on this strategy. A draft is expected by March 2001 for consultation with the Member States. It will then be presented at the Gothenborg Council Summit in June.

2001 SET TO BE THE YEAR OF ENERGY EFFICIENCY LEGISLATION

Officials in the European Commission's Transport and Energy Directorate General are continuing to work on the drafts of two forthcoming legislative proposals on energy efficiency that will be of interest to EPEE members.

A proposal on Energy Efficiency in Buildings is scheduled to be published in February. A proposal on Energy Efficiency in Electrical Appliances is scheduled for the third quarter of the year.

European Parliament set to endorse the Energy Efficiency Action Plan

During recent debates led by rapporteur, Anders Wijkman MEP, Members of the Parliament's Environment and Industry Committees gave cross-party support to the initiative. MEPs from across the political spectrum have called for the Commission to bring forward pro-active legislation on energy efficiency in buildings. Wijkman and his colleagues do not however think that the Commission has been ambitious enough in calling for an energy efficiency target of 1%. The European Parliament is therefore proposing a target of 2.5% arguing that such a cut is necessary if the EU is to meet its Kyoto targets and ensure security of its energy supply.

The plan looks set to be approved by the full Plenary of the Parliament on 1st March 2001.

EPEE JOINS REFRIGERANTS' TESTING PROGRAMME

The European Partnership for Energy and the Environment (EPEE) will participate in the European research programme of the Global Refrigerant Environmental Evaluation Network (GREEN).

GREEN, a refrigerant evaluation initiative set up by ARI (Air Conditioning & Refrigeration Institute), is a worldwide programme which aims at providing objective relative refrigerant information based upon test data on performance, safety, efficiency, cost effectiveness and environmental characteristics.

EPEE

40 Rue d'Arlon 1000, Brussels Belgium

secretariat@epeeglobal.org

Web: www.epeeglobal.org

GREEN will test HFC and alternative refrigerant systems and compare the results on an equal basis. The programme is based loosely on the R-22 Alternative Refrigerants Evaluation Programme (AREP) of the 1990s. The tests, which will take place in climate-controlled laboratories across the world, will measure refrigerant systems' performance, taking into account energy efficiency, cost effectiveness, practicality and safety. Fred Busch, Director General of EPEE said: "The GREEN initiative will gather objective performance data on both new and existing refrigerants, in a variety of refrigeration, air conditioning and heat pump applications. While testing is the primary element of GREEN, the programme is designed to share performance information about new refrigerants and to make this information public. We expect to complete all testing by December 2002, and be able to present the results in open literature."

VALIDITY OF GLOBAL CLIMATE CHANGE STUDY TOOL DOUBTED

Temperature data from scientific buoys scattered across the Pacific Ocean are raising doubts about the validity of one of the most important tools used by scientists to track global climate change. The "lock step" link between sea water temperatures and air temperatures may be less rigid than presently thought, according to data analyzed by scientists at the University of Alabama in Huntsville (UAH) and the Hadley Center of the United Kingdom's Meteorological Office. Results of their research are reported in the Jan. 1, 2001, edition of the scientific journal, *Geophysical Research Letters*. The supposed link between sea and air temperatures let climate scientists use sea surface temperatures as a "proxy" for air temperature data over large ocean areas for which air temperature data are not available, said Dr. John Christy, a professor of atmospheric science and director of UAH's Earth System Science Center. Because reliable low-level air temperature data from over the oceans are more scarce and more difficult to assess than water temperatures, scientists monitoring Earth's climate have used sea surface temperatures as a proxy for air temperatures, assuming that the two rise and fall proportionally. "We found that in the short term, they go up and down essentially simultaneously," said Christy. "Over the long term, however, we start to see differences." The authors looked at the tropics wide difference between the sea water temperatures and upper air temperatures not only from the satellite data but from balloons and global weather maps. All three records indicated the tropical air between the surface and five miles actually cooled at a rate of about 0.05 degrees C per decade, while the sea water was warming by about 0.13 degrees C per decade. The tropics wide near-surface air temperature (from ships and buoys) warmed at a rate in between the sea water and the upper air -- about 0.06 degrees C per decade. These differences were all statistically significant.

UN (AND EU!) DONATION FOR HFCs PRODUCTION IN CHINA

The European Union, as one of the largest donator to a special World Bank fund, indirectly finances the development of a HFCs production plant in China. This shows that a common international and EU HFCs policy does not exist and that therefore current measures by some EU Member States' to phase-out HFCs are not justified and create unfair competition for EU companies producing or using HFCs.

EPEE

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secretariat@epeeglobal.org
Web: www.epeeglobal.org

Within the framework of the Montreal Protocol, the World Bank established a fund (the Montreal Protocol Multilateral Fund – MPMF) to limit the emissions of ozone depleting substances in development countries. The EU is one of the largest donators. The World Bank, together with China's State Environmental Protection Administration, representatives of the United Nations Environmental Programme and the MPMF Secretariat, were present at a special ceremony on 14th January to sign the donation of US dollars 25. 41 million for an industrial project to produce HFC-134. Construction of the project will soon begin. The HFC-134a project, which is based in Xi'an, capital of northwest China's Shaanxi Province, is designed to have an annual output of 10,000 tons of freon substitute. For the first phase, the annual production capacity will be 5,000 tons.

EPEE STEERING COMMITTEE MEETING

EPEE Steering Committee met for the second time on 19th January at the Skyport Meeting Centre at Brussels Airport. Fifteen CEOs discussed EPEE's priorities, including its incorporation as an international non-profit association in Belgium. Following the presentation of the activity report by EPEE's Director General Mr Fred Busch, EPEE's Chairman, Mr. Nicolas De Gregorio said that EPEE had made a flying start, but that it was now facing a number of challenges. The effectiveness of the working groups would need to be reviewed in order to make sure that EPEE would be able to pro-actively develop its work towards the European Institutions and towards the Member States. He also stressed the need for a more active membership drive by all existing Members. The Steering Group agreed that EPEE should develop its PR and communication activities, and it agreed with the concept of the website as presented. The meeting furthermore decided to join the European research programme of the Global Refrigerant Environmental Evaluation Network (GREEN).

UPCOMING EVENTS CALENDAR

EPEE Strategy Development Working Group Meeting: (closed) 21st February 2001 in Brussels

EPEE Associations Working Group Meeting: (closed) 23rd February 2001, Brussels

EPEE Company Working Group Meeting: (closed) 8th March 2001 in Brussels

EPEE Steering Committee Meeting: (closed) 19th June 2001 in Brussels

Implementing Joint Implementation & Clean Development Mechanism: project finance in a carbon economy, 15 & 16 February in London and 27 & 28 February in New York.

www.environmental-finance.com

EPEE

40 Rue d'Arlon 1000, Brussels Belgium

secretariat@epeeglobal.org

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ECCP WG 5 Fluorinated Gases sub-group meeting: 22nd February 2001, Brussels
Topics: refrigeration and stationary air conditioning; mobile air conditioning

ECCP WG 5 Fluorinated Gases sub-group meeting: 21st March 2001, Brussels
Topics: foams, semi-conductors, technical aerosols

ECCP WG 5 Fluorinated Gases sub-group meeting: 26th April 2001, Brussels
Topic: Confirmation of final report

Please submit items for EPEE NEWS and the UPCOMING EVENTS CALENDAR to:
secretariat@epeeglobal.org