

EPEE NEWS



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

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The Parliament is expected to start 2nd reading in September. Amendments are expected on the legal base as MEPs continue to debate the dual legal base adopted by the Council. In addition, the efficiency of the STEK system has been questioned by the Institute of European Environmental Policy in a recently released report.

UN IPCC/TEAP Report 3

The UN IPCC and TEAP published a report on the alternatives to ozone-depleting substances (ODSs) in April. The report considers the effects of emissions of ODS and their substitutes on the climate system and the ozone layer and examines possible solutions.

EU/G8: The UK Presidency Priorities on Environment 3

The UK will take over the Presidency of the EU from Luxembourg on the 1st of July. This coincides with its ongoing presidency of the G8 Summit. Environment and climate change are high priorities for the UK.

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Sponsored primarily by Parasense and EPEE and endorsed by FETA, the *Preventing Refrigerant Leakage* Conference on 21st of June aims to provide the contractor and end-user with essential information that will facilitate compliance with the F-Gas Regulation.

State of play on EuP 4

On 13 April, the European Parliament adopted its 2nd reading position on the proposal for a framework directive on eco-design (EuP). The Council reached a 2nd reading agreement on 23/24 May.

Green Week/ Kyoto Phase II 5

The European Green Week took place on the premises of the European Commission in Brussels from 31 May to 3 June. It rallied a number of stakeholders to discuss mainly climate change issues. Commissioner Dimas announced the launch of a new phase of the ECCP in autumn 2005.

Eurobarometer 5

Last April, the European Commission published its Environmental Attitudes Eurobarometer. It concludes that climate change and air pollution are the third biggest environmental concerns for EU citizens.

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Update on F-Gases Proposal

Following the adoption of a political agreement on the draft proposal on certain fluorinated greenhouse gases in October last year, the Council is still in the process of adopting its official Common Position which is expected to take place in June 2005. Official receipt by the Parliament is expected in July.

Expected amendments on the legal basis

Although 2nd reading in the Parliament will not start before it has received the Council Common Position, internally, the various players are already looking at the issue and getting prepared for 2nd reading.

In March 2005, the legal service of the European Parliament issued an internal opinion on the right choice of the legal base for the draft Regulation, which was leaked to the press. In its opinion, the legal service supports the idea of a single environmental legal base (Article 175) despite the fact that the dual legal basis agreed by the Council - Article 95 & 175 – are in principle compatible. EPEE has issued its response on the matter outlining the reasons for its support for the dual legal base. EPEE believes that the Legal Service is very selective in what it chooses to consider and, as a result, lacks objectivity.

In addition, the rapporteur in the European Parliament, Avril Doyle, submitted a question to the European Commission on the legal basis of the F-Gas proposal. In its response, the Commission stated that it fully supports the dual legal base model accepted by the Council. According to the Commission, there is no need for a further split of the Regulation.

Finally, a new Danish Socialist MEP, Dan Jorgensen, put forward a question to Commissioner Dimas. He asked him whether it would be possible to change the legal base. The Commissioner answered

that this change would need to be agreed by the Parliament and the Council and would be a change from the current Common positions.

It is now expected that the Rapporteur will finalise her report by the summer break (August). The Environment Committee should then examine it in September/October. The final vote in plenary session of the Parliament is therefore unlikely to take place before late October or November.

Depending on the Council's ability to accept the Parliament's position, the procedure could then end shortly after the Parliament's vote. If there remain outstanding issues, the Council and the Parliament will have to go into conciliation. This should end the procedure in summer 2006. The upcoming UK Presidency is aiming to reach a 2nd reading agreement without having to go to conciliation.

STEK figures being questioned

On 16 June, the London-based Institute for European Environmental policy (IEEP) has released a report entitled "Is STEK as good as Reported? Uncertainties in the concept underlining the proposed European Regulation on Fluorinated gases". The report concludes that potential emissions reductions brought about by the STEK system are hard to identify with great clarity. More detailed study of STEK-sponsored research shows that leak rates could be double the 4.8% figure that inspired the Regulation.

The report goes on by stating that "Comparing end-user leakage data with sales figures from HFC distributors shows potential leak rates of anywhere from 6.9% to 12.7% annually.

When it comes to costs, the report states that "An initial assessment of STEK-like measures across Europe showed a cost of carbon reduction of €18.32/tonne CO₂. If

reductions are half as effective as estimated, the costs could rise to over €50/tonne, which is well above the EU benchmark of €20/tonne.

Finally, the report states that the reason why the Parliament rejected more stringent measures in 1st reading was the belief in what could be achieved with containment.

UN IPCC/TEAP Report

The UN's Intergovernmental Panel on Climate Change, together with the Technology and Economic Assessment Panel (TEAP) of the Montreal Protocol, published a report on the alternatives to ozone-depleting substances (ODSs) in April. The report considers the effects of emissions of ODS and their substitutes on the climate system and the ozone layer, examining a number of possible options for reducing halocarbon emissions. It stresses that the major application sectors using ODSs and their HFC/PFC substitutes include refrigeration and air conditioning, and that emissions of these substances originate from manufacture and bi-product releases, as well as evaporation and leakage directly from equipment during use, maintenance, and disposal.

In terms of results, the IPCC/TEAP Report finds that concentrations of CFCs were stable or decreasing between 2001 and 2003, meaning that the global average amount of ozone depletion has stabilized and that the ozone layer is expected to start recovering in the coming decades. However, atmospheric HCFS and HFCs (CFC substitutes) are noted as having increased, contributing to global warming – in fact, the Report deems that refrigeration applications, together with stationary air-conditioning (SAC) and mobile air-conditioning (MAC), contribute the bulk of global direct greenhouse gas emissions.

The report states that there is potential to halve by 2015 the BAU direct emissions

from Ozone Depleting Substances (ODSs) and their Greenhouse gas (GHGs) substitutes by 2015 and about 60% of this potential concerns HFC emissions. In refrigeration applications direct GHG emissions can be reduced by 10% to 30%. Direct GHG emissions of residential and commercial air conditioning and heating equipment (SAC) can be reduced by about 200 MtCO₂-eq by 2015.

EPEE and its members support these predictions and are ready and willing to work proactively towards these objectives.

A policymakers' summary of the report is available at:

<http://www.ipcc.ch/press/SPM.pdf>

EU/G8: The UK Presidency Priorities on Environment

The UK will take over the Presidency of the EU from Luxembourg on the 1st of July, which coincides with its ongoing presidency of the G8 Summit (a meeting of the seven most developed nations + Russia). Environment and climate change in particular are currently a high priority for the UK and are featuring prominently on the Council and G8 Gleneagles Summit agendas.

The Operational Programme of the Council for 2005 submitted by the incoming Luxembourg and United Kingdom Presidencies stipulates that both Presidencies will maintain the momentum towards establishing EU mid- and longer term climate change strategies and targets, seeking to ensure that the EU will be able to demonstrate progress towards its Kyoto commitments. The UK Presidency will continue to monitor the effective implementation of the emission trading system and seek to finalise work on the proposals related to fluorinated greenhouse gases, as well as taking forward any Commission proposals to incorporate aviation into the EU Emissions Trading

Scheme. The official Presidency website will be available from June 27th at www.eu2005.gov.uk.

As for the G8 Summit to be held on July 7-9 at Gleneagles, climate change is one of two top priorities, next to the focus on Africa. Prime Minister Tony Blair sees climate change as “the single most important issue we face as a global community” in the long-term, and has set raising the profile of climate change and promoting an international consensus on the need for further action to control emissions as his prime objectives. According to a DEFRA spokesman, the main aims of the Gleneagles Summit are

- To reach an understanding and a degree of agreement on the science of climate change as was outlined by the IPCC report;
- To reach an agreement on a low carbon-economy as well as implementing (ie hydrogens, bioenergy, etc); and
- To institutionalise a dialogue with non G8 nations (in the developing world) who are very large consumers of energy and to set up frameworks of the same calibre but in parallel to Kyoto (e.g. India + China).

Preventing Refrigerant Leakage Conference

The Refrigeration and Air-Conditioning Magazine (RAC) is organising a conference on containment on June 21st in London. Sponsored primarily by Parasense and EPEE and endorsed by FETA, the *Preventing Refrigerant Leakage* Conference aims to provide the contractor and end-user with essential information that will facilitate compliance with the F-Gas Regulation. The day will consist of practical presentations, end-user case-studies and in-depth panel discussions on how end-users can prepare for this Regulation. Keynote speakers from

DTI and DEFRA will clarify the responsibilities set by the F-Gases Regulation, while other presentations and discussion topics will include

- Supporting the end user;
- Monitoring and minimising leaks;
- Reviewing the practical requirements of the end-user;
- End-user best practice.

Two EPEE members will present on these topics: Christoph Meurer from Solvay Fluor and Andy Lindley from Ineos Fluor. Further information is available from the conference website, <http://www.refrigerant-leakage.co.uk/>.

State of play on EuP

On 13 April, the European Parliament adopted its 2nd reading position on the proposal for a framework directive on eco-design (EuP) following an agreement reached between the Commission, the Council and the Parliament. The aim of this framework directive is to ensure the free movement of energy-using products within the EU, improve the overall environmental performance of these products, contribute to the security of energy supply and generally enhance the competitiveness of the EU economy.

The proposal defines conditions and criteria for setting requirements regarding environmentally relevant product characteristics. It particularly addresses the HVAC sector, stating that the Commission should “introduce implementing measures starting with those products which have been identified by the ECCP as offering a high potential for cost-effective reduction of greenhouse gas emissions, such as.....HVAC systems”.

In May, the European Commission delivered a favourable opinion on the Parliament’s

position. The Council formally approved the amended proposal at the end of May.

Green Week/ Kyoto Phase II

The European Green Week took place on the premises of the European Commission in Brussels from 31 May to 3 June. It rallied a number of experts, member states and government officials, industry representatives and NGOs to discuss various aspects around the issue of climate change.

During the opening debate Commissioner Dimas announced that the Commission will launch a new phase of its ECCP in the autumn 2005. However, it is still unclear what precise measures will be contained in this new programme. Nonetheless, it is expected that new policy initiatives on energy efficiency, technology transfer, climate change adaptation and more use of Kyoto-based flexible instruments will be part of it.

In this context, a debate on a "Green Agenda for Global Business" took place during which the Director General of DG Environment, Catherine Day, pointed out that the views of lawmakers and industry about the necessity of environmental regulation were converging. In her views, the industry should stop believing in the myth that environmental regulation is bad for business.

Business representatives stated that economic incentives together with environmental regulation as well as less but more coherent regulation would make the difference. NGOs, such as Climate Action Network, and other participants thought that environmental debate within the industry was moving too slowly. Some also called upon the ministers to stand up for the public interest against industry lobbying.

Another debate on "the low carbon economy", brought together European and US experts and business leaders with the

aim to realise opportunities and identify risks in the carbon constrained world. The representatives from Coca-Cola and McDonalds mentioned the issue of refrigeration during the debate. The McDonalds representative made only a passing reference to the 'HFC- free future' planned by the company but highlighted energy efficiency as the main environmental challenge.

The Coca-Cola representative, however, identified the refrigerant issue and sustainable refrigeration as their biggest environmental issue. He also repeated the two pronged company commitment to phase out HFC use as a refrigerant and blowing agents and reduce by 40-50 % by 2012 (based on 2000 figures) energy efficiency of new equipment.

Eurobarometer

The European Commission published in April its Environmental Attitudes Eurobarometer encompassing data from the 25 Member States. Based on fieldwork carried out in November 2004, the Eurobarometer concludes that climate change and air pollution are the third biggest environmental concerns for EU citizens, after water pollution and manmade disasters. While less than half (45%) of the respondents were actually worried about climate change, almost 90% of EU citizens believe that policy makers should take environmental concerns into account when developing policy in other areas (i.e. the economy or employment). Furthermore, the EU-level is seen as the most appropriate one for taking action on environmental issues.

The complete Eurobarometer Report is available from the DG Press and Communication website at: http://europa.eu.int/comm/public_opinion/archives/ebs/ebs_217_en.pdf ■

U P C O M I N G E V E N T S C A L E N D A R

- 2nd half of June: Adoption of Common Position on F-Gas Regulation
- 24 June: Environment Council
- 3-4 July: G8 Summit at Gleneagles/UK
- July: Reception of the European Parliament of Common Position
- July/August: Rapporteur drafts her report on F-Gas Regulation

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