

EPEE ***NEWS***

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(EPEE)*

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

EUROPEAN CLIMATE CHANGE PROGRAMME (ECCP)

Commission completes ECCP Interim report

The European Commission has recently completed its Interim Report on the work of the six technical working groups (Flexible Mechanisms, Energy Supply, Energy Consumption, Transport, Industry and Research) established under the ECCP in June 2000. The Industry group includes a subgroup on Fluorinated Gases, where the industry is represented through EUCRAR and EPEE.

The Interim Report states that it is accepted that emissions estimates of HFCs, PFCs and SF6 exhibit larger uncertainties than most other components of national emission inventories and that policies on f-gases must respect that the phase-out of ozone depleting substances is ongoing and must not be jeopardised. It is reported that the group agrees that a European monitoring system for fluorinated gases needs to be established and that future EU action includes: priority for leakage control and enforcement of fluid recovery in refrigeration, stationary and mobile air conditioning. Potential instruments listed are voluntary agreements, taxation, bans, regulation, increased R & D efforts, certification, product labelling, information campaigns and deposit schemes. The report acknowledges that all stakeholders participating in the group do not necessarily agree on the policy instruments to be used.

According to the report, the Fluorinated Gases group will address the following tasks:

- proposed sectors and instruments for priority EU action to limit emissions of HFCs, PFCs and SF6;
- outline the design of a European monitoring and verification system for the fluorinated gases;
- address compatibility issues with emission trading schemes, IPPC and existing national programmes.

The ECCP working groups will continue their work in the coming months and the Commission is planning to publish final reports in May. These will form the bases for Commission proposals for EU legislation and/or other initiatives.

The Council of Environment Ministers

Meeting in Luxembourg on 10 October, EU Environment Ministers dwelt at length on the climate change issue and adopted a set of Conclusions on the ECCP. They expressed support for the Community climate strategy and approved a series of key initiatives to be launched for transport, energy and industry. Among other things, the Council stressed the importance of Community measures for reducing emissions of HFC, PCF and SF6, the use of alternative technologies and the need to boost R & D.

Ministers also recalled that certain economic instruments may help climate change related policies. They stressed the need to consider adjusting taxes for products and services enabling energy savings.

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On 7 November Environment Ministers held a special Council meeting to discuss the EU's strategy with regard to COP 6. On the invitation of Dominique Voynet, the French Environment Minister hosting the meeting, a number of non-governmental organizations met with the Ministers ahead of the Council meeting itself.

The Council adopted a set of conclusions which emphasised the need for resolute action to contain greenhouses gas emissions and reaffirmed its commitments to a successful outcome at COP 6. The Council stressed the importance of ratification and entry into force of the Kyoto Protocol by 2002.

Ministers insisted that the implementation of the Protocol must lead to significant, real, domestic emissions abatements in Annex I countries, which should take the lead in reversing 'the historical trend of emissions and to achieve demonstrable progress in doing so by 2005'.

European Parliament Resolution

On 26 October the European Parliament adopted by large majority the report of Jorge Moreira da Silva MEP (Portuguese, Christian Democrats) on the ECCP.

Parliament welcomed the fact that the Commission had begun to draw up a climate change strategy, whilst at the same time criticising it for not presenting firm policy measures. It therefore asked the Commission to come forward with specific proposals for the implementation of such measures within six months of the end of the The Hague Conference.

The Resolution did not make specific references to HFCs but did stress the need to assign higher priority to the reduction of non-CO2 greenhouse gases than provided for in the ECCP.

With regard to COP 6, the Parliament called for legally binding global emissions ceiling to be agreed at The Hague. It added that, when the total amount of available emission rights are distributed, it should be made clear that - in the long term - the principle of equal rights per world citizen must apply.

As regards the flexible mechanisms - namely emissions trading, the Clean Development Mechanism and joint implementation - Parliament argued that these must account for no more than 50% of the difference between the 1990 emissions level and the Kyoto target. The Clean Development Mechanism should be applied quickly and projects eligible should be based on sustainability, energy efficiency and demand-side management in the fields of energy and transport. Nuclear and large-scale fossil-fuel energy sources should be excluded.

Parliament also appealed to members of the US Senate and House of Representatives to drop their resistance to the principles agreed in Kyoto. However, it believes the EU should not wait for the USA and try to reach agreement with other industrialised countries including Japan, the Central and East European countries and Russia.

DANISH DRAFT PLAN FOR PHASE-OUT OF HFCs DELAYED

Publication of the Danish plans to phase out the use of and import of HFCs by 1 January 2006 has been delayed. The statutory order, which will contain the proposal, was expected to be published at the end of October, but it now appears that this will now happen later in November. The plans, which had been annexed to a September proposal on a tax on HFCs (see last issue of EPEE News), will be issued by the Danish Ministry for Energy and the Environment

Once published, the statutory order will be subject to consultation with interested parties, with an expected consultation period of six weeks. It will also be notified to the European Commission and the other EU Member States, which will have an initial period of three months in which to react.

EPEE's Strategy Development Group earmarked the Danish phase out plans as a key priority for EPEE activities.

GERMANY PUBLISHES CLIMATE PROTECTION STRATEGY

On 18 October the German Federal Government presented its climate protection strategy designed to cut CO₂ emissions in Germany by up to 70 million tonnes by 2005. According to the government, this reduction is necessary if Germany is to meet her international obligations to achieve a 25 % reduction by 2005 from 1990 levels.

Of the 50 to 70 million tonnes of carbon dioxide, the discharge of 5 to 7 million tonnes is to be avoided alone by energy efficiency measures to upgrade existing buildings. Policy measures in the transport sector are expected to save a further 15 to 20 million tonnes of CO₂. In addition, the government has reached agreement with German industry on voluntary commitments to bring down CO₂ output by a further 10 million tonnes by 2005 and to tackle emission of six greenhouse gases with a scheduled 10 million tonnes reduction by 2012.

IRELAND PUBLISHES CLIMATE CHANGE STRATEGY

On 2 November Ireland published its climate change strategy. According to Environment Minister Dempsey, Ireland has already reached its Kyoto 13% growth limitation target greenhouse gas emissions must be reduced by over 20% in the next ten years. Key initiatives of the strategy include:

- a commitment to put in place an appropriate framework of greenhouse gas taxation, prioritising CO₂ emissions, from 2002 on a phased, incremental basis;
- a commitment to participate in international emissions' trading, as a supplement to and not a substitute for domestic action;
- while international experience underlines the difficulty associated with control of greenhouse gas emissions from transport, a balanced range of measures is included to address fuel efficiency, demand management and modal shift;

- the new house grant will be restructured to favour more energy efficient houses; emissions from the built environment will be reduced by a number of measures including improved spatial and energy use planning, and better insulated and more energy efficient new building to be secured through revisions to, and further review of, the Building Regulations.

With respect to industrial gases, the document notes that their use will increase due to the replacement of ozone depleting substances and the lack of alternatives in some applications. Where there are suitable alternatives, the Irish government aims to reduce these gases to a minimum, and if possible, eliminate them (indeed, it wants to make Ireland a centre of excellence for the substitution of industrial gases).

With regard to HFC, the document lists the following approaches available for reducing emissions:

- no use if HFCs are not essential. In the event that alternative technologies require the use of additional energy in operation, measures will have regard to overall life-cycle analysis and where HFC use is preferred, stringent controls on amounts used, leakage rates and provision for recovery will be incorporated;
- avoidance of HFCs having relatively high GWP
- avoidance of non-closed systems, i.e. relatively 'leaky' applications, including automotive air-conditioning;
- maximising emission control through improved housekeeping practices and recycling.

The document notes that negotiated agreements relating to industrial gases will incorporate requirements on improved emission monitoring, measures to reduce leakage, life-cycle management and recycling, efficiency improvements to refrigeration equipment and replacement by alternatives.

Finally, the document announces that additional measures to be taken will include disincentives (regulatory and/or additional taxation), for the purpose of cars with airconditioning using HFCs and taxation of products emitting HFCs.

EPEE STEERING COMMITTEE MEETS ON 19 & 20 SEPTEMBER

The first EPEE Steering Committee meeting took place on 19 and 20 September at the Conrad Hotel in Brussels, Belgium. Twelve CEOs worked through a full agenda and elected a Chairman, two Vice-Chairmen and a Director General, defined the roles and responsibilities of the Steering Committee, the Company Action Group, the Strategy Development Group, the Associations Action Group, the Director General and the Secretariat and discussed EPEE membership. The meeting also took note of the latest policy developments in the EU and Member States and the way EPEE should become involved in the debate on refrigerants and climate change. Experts also conducted presentations on the UK industry response to the UK's climate change programme and the role of stakeholders and the media in shaping public policy.

Nicolas De Gregorio, President, ECP Europe, was elected for a one year term as EPEE's Chairman. The Committee elected Gilbert Marchiol, Chairman and CEO of Tecumseh Europe and Frans Hoorelbeke, Executive Vice President, Daikin, as Vice Chairmen and appointed Friedrich P. Busch as the Partnership's Director General. The meeting confirmed the appointment of Brussels-based firm of Cabinet Stewart to provide EPEE's secretariat support and EU consultancy advice.

EPEE WORKING GROUPS MEET DURING IKK

The EPEE Company Action Group and the Strategy Development Group met for the first time during the IKK trade show in Nürnberg to outline specific strategies and assign tasks for addressing policy issues affecting the use of refrigerants in Europe. EPEE's action plan to challenge the Danish draft proposal to phase-out HFCs was a priority discussion item. Other action points agreed include the revision of EPEE's Responsible Use paper and the preparation of a document on Frequently Asked Questions, verification of independent research to underpin EPEE's position and the creation of an EPEE database.

EPEE ORGANISES FORUM ON REFRIGERANTS IN SWEDEN

On 5 and 6 October EPEE organised a seminar on the responsible use of refrigerants in Stockholm. Speakers from the Swedish government, an independent research company and from industry addressed more than twenty participants from government, universities and industry. The meeting found agreement on a number of points, including the need to aim for zero leakage and minimum charge, the advantages of accreditation of maintenance services, the need to improve energy efficiency of components and systems, the need to improve recovery and recycling and that different refrigerants can be used for different applications.

The Swedish government is currently working on climate change proposals. Efforts are being undertaken to ensure that the government takes account of the conclusions of the EPEE Forum.

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UPCOMING EVENTS CALENDAR

EPEE Steering Committee Meeting: (closed) 19 January 2001 (10.30 – 16.30 hours) in Brussels

EPEE Strategy Development Working Group Meeting: (closed) 21 and 22 February 2001 in Brussels

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

Kyoto Protocol/Climate Change Meetings: 13 – 24 November; The Hague, Netherlands

TransAtlantic Business Dialogue CEO Conference: (closed) 16 – 18 November; Cincinnati, Ohio

ECCP Fluorinated sub group meeting: 6 December, Brussels

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