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F-Gas Regulation: Inception Impact Assessment

About A-Gas

A-Gas is a major supplier and reclaimer of refrigerants, blowing agents, fire protection agents and other speciality gases used in a multitude of critical industries. We have major European operational facilities situated in the Netherlands, Germany and the UK, plus further operations in the USA, Canada, Asia, Australia, and South Africa. A-Gas fully supports the aim and ambition of the F-Gas Directive (EU 517/2014) and welcomes the ability to comment on its inception impact assessment. We are also enthusiastic supporters of the recently announced European Green Deal and look forward to further details on its key policies of the Circular Economy, Climate, and Zero Pollution.

Our ideas and suggestions are offered in the spirit of improving and enhancing the proper working of the F-Gas Directive, as well as working in harmony with the European Green Deal.

Introduction

The F-Gas Regulation establishes thresholds limiting the amount of virgin hydrofluorocarbons (HFCs) that can be sold in the EU. To address the high use of HFCs and their potential CO₂e emission impact, the EU has set reduction targets.

In order to ensure compliance with the phase-down, the European Commission has set up an HFC Registry, enabling the traceability of quota. Registration is mandatory for all companies covered by the quota mechanism. But this existing framework is at risk - and already undermined today - due to large-scale illegal importing of HFCs in the EU, which is difficult to tackle given the various important but missing elements in the regulatory framework.

Illegal Imports

The customs/imports systems and procedures for verifying the validity of legal and correct HFC quota shipments is an area of major concern. A-Gas very much welcomes the latest proposal to introduce a 'Single Window' customs portal operating in 'real time'. Hopefully, this and other robust control measures will allow for the correct legal verification of valid 'quota' eligibility, and allowable quantity in a defined period.

The level and severity of sanctions for those caught importing illegal quantities of HFCs need to be strengthened considerably. The sanctions differ widely and are set by each individual member state; these urgently require



harmonisation and publication. Equally, they need to be increased in financial and reputational severity to be dissuasive enough to bring this illegal activity to an end.

Thirdly, with respect to harmonised and dissuasive penalties, we believe these should be applied not just to illegal importers or those that have illegally exceeded their quota entitlements, but should also apply to anyone who is in possession of quantities of F-Gas without clear proof it was imported legally.

Professional Entities vs New Entrants

New companies or entities supplying F-Gases should be proficient and professionally equipped to correctly abide, manage, and uphold all aspects of the F-Gas Regulation and other pertinent legislation. This would include only selling product in refillable cylinders, as per long standing existing EU regulation. Allowing new importers of product into the market without checks that they can abide by the necessary regulatory commitments, especially the environmental ones, cannot be considered as 'good practice' in any industry.

Recovery and Reclaim of HFCs

The existing F-Gas Directive has some provisions for allowing the use of reclaimed HFCs. As we move further into the European Green Deal, policies of Circular Economy, Climate and Zero Pollution, the use of reclaimed HFCs in place of virgin production, should now be substantially increased upon.

The growing use of reclaimed products over virgin production is both helpful in conserving vital raw materials and the energy expended to manufacture and distribute the finished goods. There is also a potential two-fold environmental saving by avoiding the manufacture of virgin product and also the emission saving by recovering and reclaiming the original product for further use by not allowing it to escape into the atmosphere. The use of reclaimed products which are already on the market is widely seen as a successful measure in managing a quota phase down process. Increased activity in the recovery and reclamation of HFCs will allow for faster alignment between the F-Gas regulation and the phase down steps required by the Kigali Amendment.

We propose far stronger economic and environmental incentives to promote the use of reclaimed products over virgin production, for 'first fill' as well as for servicing existing equipment.

European Green Deal Ambition/ EU ETS

There is the potential to add used HFCs and SF6 to the existing EU Emissions Trading Scheme (ETS) to create European made emission allowances/carbon credit offsets.

Within Europe there are large quantities of used HFCs, built up over many decades, in existing systems and devices, which in time will become superfluous to requirements. Currently, the onus is on the eventual holder to pay for destruction or, perhaps for larger aggregators, the possibility to export these out of the EU. Both options carry a far greater potential atmospheric emissions threat than establishing a holistic and verifiable European end of life plan.

High GWP HFCs and SF6 could become a rich source of verified and certifiable European sourced and produced emission allowances/carbon credit offsets for the EU ETS.

In Summary

The current F-Gas Directive is being undermined by the large and continued import of illegal HFCs. Stronger enforcement plus dissuasive penalties are required to stop the illegal trade of HFCs.

Wider incentives for the recovery and reclamation of existing HFCs could significantly reduce the need for virgin production and lower overall atmospheric emissions.

The EU ETS Scheme could be modified to include verifiable used HFCs and SF6 to accelerate the F-Gas phase down and match the ambition within the European Green Deal. This would bring about an effective and holistic end of life solution for high GWP HFCs, with significant direct and indirect benefits for both pieces of legislation.

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