

Evaluation and Impact Assessment for amending Regulation (EU) No 517/2014 on fluorinated greenhouse gases

- Stakeholder Consultation Strategy -

1 Background information

Fluorinated gases (F-gases) are strong, man-made greenhouse gases that contribute to global warming. F-gases predominantly comprise hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). Since 1990, EU emissions of F-gases almost doubled to 2014, before they started to decline due to EU legislation. They are used in various applications as well as equipment (e.g. refrigeration and air-conditioning), but also in some industrial processes and electrical transmission (SF₆).

The current F-gas Regulation (Regulation (EU) No 517/2014) applies since 2015. Together with rules on air-conditioning in cars (the so-called MAC Directive 2006/40/EC), the current F-gas Regulation aims to reduce EU F-gas emissions by two-thirds by 2030, compared to 2010 levels.

The F-gas Regulation preceded the passing of the Paris Climate Agreement as well as the Kigali Amendment to the Montreal Protocol on substances that deplete the ozone layer, where Parties agreed to limit progressively the production and consumption of HFCs. More recently, the EU Commission adopted the European Green Deal Communication and proposed a Climate Law establishing the framework for achieving the objective of climate neutrality by 2050, and including inter alia increasing ambition of 2030 climate targets. Ambitious action to avoid emissions of high global warming potential (GWP) GHGs such as F-gases is key to reaching these objectives.

In this political context, it is appropriate to evaluate the performance of the F-gas Regulation and its potential to make a commensurate contribution to these goals. Furthermore, there are a number of implementation challenges that need to be addressed with a sense of urgency and full compliance with the Montreal Protocol needs to be ensured. The evaluation of the current Regulation will be conducted back-to-back with an impact assessment of policy options considered for the future. This stakeholder consultation strategy and the activities that will be undertaken as part of this process will cover both these backward- and forward-looking aspects. The Commission will also take into account the findings summarized in the Commission reports that were required under Article 21 of the Regulation, e.g. on feasible F-gas alternatives in split air-conditioning and switchgear.

1.1 Overview of the F-gas Regulation

The F-gas Regulation aims at reducing EU F-gas emissions further by (i) preventing leakage (“containment” measures), and by (ii) discouraging the use of F-gases with a high GWP¹ while encouraging the use of alternatives with lower or zero GWP, without compromising safety, functionality and energy efficiency. The F-gas Regulation also aiming at “leading by example” and incentivising action by other countries to phase down HFCs. The following measures are used to this end:

- (i) Preventing leakage and emissions
 - Emission prevention and leak checks (Articles 3 – 6)
 - Control of by-production (Article 7)
 - End of life treatment of products and equipment (Articles 8 – 9)
 - Training and certification of service personnel (Article 10)

¹ GWP stands for Global Warming Potential. It signifies the level of impact a substance has on climate warming compared to the same quantity of carbon dioxide (CO₂) and is thus measured in CO₂ equivalent.

- Information for users (labelling and product information) (Article 12)
- (ii) Avoid the use of high-GWP F-gases
 - Restrictions on applications (Article 11)
 - Restrictions on uses (Article 13)
 - Phase-down of HFC supply (Articles 14-18)

In addition, there are reporting, monitoring and review obligations on companies, Member States and the Commission (Articles 19-21); provisions for the Commission to facilitate a balanced consultation among stakeholders on implementation of the Regulation and available alternatives to F-gases (Article 23); and requirements for Member States to establish rules on penalties in cases of infringements (Article 25).

1.2 Objectives for amending the F-gas Regulation

It is expected that the evaluation will show that the F-gas Regulation has resulted in emission reductions and a clear shift towards technologies with a lower climate impact while helping to bring about an international agreement to phase down HFCs (2016 Kigali Amendment to the Montreal Protocol). The study findings are also expected to provide a basis for identifying how to better:

- safeguard that the Regulation will deliver on the requirements that were introduced, in 2016, through the Kigali Amendment, notably beyond 2030;
- ensure that the Regulation is contributing to the increased EU ambition level in the European Green Deal;
- ensure that the Regulation is fit for purpose to prevent illegal imports of HFCs that are affecting the effectiveness of the phase-down as well as misuse of the quota system that is lowering the quota available for legitimate companies.

Thus, the objectives for revising the Regulation will be (i) to ensure long-term compliance with the Montreal Protocol, (ii) to raise ambition in light of the European Green Deal objectives and technological progress as well as (iii) improving implementation and enforcement. The policy options to be considered will depend on the findings of the evaluation. It is expected that the options will include:

- **Seeking alignment with the Montreal Protocol**
 - Add new phase-down steps beyond 2030 to the existing phase-down
 - Remove some exemptions and thresholds not foreseen by the Montreal Protocol
 - Make separate phasing down of HFC production
 - Add flexibility to be able to align with future Montreal Protocol decisions
- **Raising ambition in line with European Green Deal**
 - Increase phase-down ambition in line with technological development
 - Prohibit the use of F-gases in products or equipment, where these gases are no longer needed
- **Improve implementation and enforcement**
 - Technicians to be trained on the use of non-F-gas alternatives

- Include detailed rules to empower customs and surveillance authorities in the Member States and facilitate a link with the EU Single Window environment for Customs and real-time per-shipment tracking in the HFC licencing system.
- Strengthen obligations of economic operators to prevent illegal trade
- Limit the market players to legitimate participants
- More comprehensive monitoring
- **Other improvements and clarifications that are identified by the evaluation**

2 Consultation scope and objectives

2.1 Goals of the consultation

The objectives of the consultation are:

- Provide an opportunity for relevant stakeholders to contribute to the evaluation and impact assessment, covering both backward and forward-looking questions that address the performance of the existing F-gas Regulation and the proposed ways of improving it.
- Build on, update and complement the information gathered from publications, studies and assessments that have been undertaken on behalf of DG CLIMA^{2,3} as well as other available information.
- Gather stakeholder opinion on the potential new policy options together with data and qualitative evidence concerning the relevant impacts of the policy options considered.

2.2 Selected consultation activities

The consultation activities will comprise:

- An **open public consultation (OPC)** that should start in September 2020 and run for 12 weeks⁴. The OPC will collect public views and evidence for the evaluation and the impact assessment of options for amending the F-gas Regulation, irrespective of the respondents' level of familiarity with the EU legislation on F-gases. The web-based questionnaire will be split into three parts: general awareness of F-gas (policy) (Part 1), general views on the F-gas Regulation (Part 2) and specialised views on the impacts of the envisaged policy options (Part 3). The survey will generally seek to avoid technical jargon and explanations will offer clarifications to participants, as appropriate. However, Part 3 is more technical in nature and will require some expert knowledge. The results of the questionnaire as well as the uploaded position papers and policy briefs will be published online.
- A **targeted stakeholder consultation** consisting of semi-structured interviews with relevant F-gas businesses and public authorities at EU and national level. The targeted stakeholder consultation is expected to involve up to 30 stakeholders, of which at least 10 will be national authorities that will include both environment and climate authorities as well as customs authorities. It should start in September 2020 and run for a period of seven months.

² https://ec.europa.eu/clima/policies/f-gas/legislation_en#tab-0-2

³ https://ec.europa.eu/clima/events/articles/0106_en

⁴ The Commission recognises that the Covid-19 crisis has made it harder for people to have their say. As such, where possible, the OPC consultation period may be extended.

- A one-day **stakeholder workshop** in Brussels, planned for the first quarter of 2021, to receive feedback on findings from the evaluation, potential policy options and initial findings on the impact assessment.

The OPC is intended to provide the public with an opportunity to participate in the development of the policy. The targeted interviews and workshop are also intended to facilitate stakeholder participation, as well as providing an opportunity to gather more detailed and quantitative information from stakeholders to inform the evaluation and impact assessment studies. The mapping of stakeholders (section 3) shows the planned participation of stakeholders across the three activities.

2.3 Scope of the consultation

There will be a single consultation that will seek stakeholders' views on both the existing performance of the F-gas Regulation (evaluation) and on the policy options proposed and the impacts these may likely generate (impact assessment) in comparison to the existing F-gas Regulation. In this way, the consultation activities will cover the effectiveness, efficiency, relevance, coherence and EU-added value of the existing F-gas Regulation (the five key criteria for evaluation as defined by the Better Regulation Toolbox); and to define the problem, subsidiarity, new options, and likely impacts associated with possible amendments to the F-gas Regulation to be explored through the impact assessment.

Owing to the fact that the evaluation will be conducted back-to-back with the impact assessment, the scope of the consultation may be subject to revision throughout the evaluation and impact assessment processes to ensure the information needs are up to date and that all the required information can be adequately gathered from the identified stakeholder groups.

3 Mapping of stakeholders

The following stakeholders are impacted by the F-gas Regulation:

- Undertakings producing, exporting, importing, reclaiming, recycling, destroying, collecting, placing on the market or using F-gases⁵, F-gas equipment/products and alternatives to F-gases
- Operators of equipment and products containing F-gases and alternatives to F-gases ("end-users"), and certified natural persons responsible for their installation, leak checking and maintenance
- Member State competent authorities (environmental ministries, agencies)
- Customs and market surveillance authorities
- Training facilities and certification bodies at EU Member State level

Stakeholder groups have been mapped in the table below according to their likely involvement in the stakeholder consultation activities.

⁵ Including gases listed in Annex II

Table 1: Planned participation of different stakeholder groups in the consultation activities

Stakeholder group	Type of stakeholder involvement in F-gas related activities	OPC	Targeted consultation	Workshop
Industry	Producers, importers and exporters (F-gases and their alternatives)	X	X	X
	Producers and importers (HFC specific)	X	X	X
	Distributors	X	X	X
	Equipment manufacturers	X	X	X
	Equipment operators	X	X	X
	Service companies/technicians responsible for installation, repair and maintenance of equipment and systems containing or relying on F-gases	X	X	X
	Businesses dealing with end-of-life treatment of bulk gases and equipment (recycling, reclamation, destruction facilities)	X	X	X
Trade and business associations and organisations	Trade and business associations	X	X	X
	Trade unions	X		
	Certification/standardisation bodies (Member States)	X	X	X
	Training facilities/associations	X	X	
EU Member State public authorities	Competent authorities (national, regional, local)	X	X	X
	Customs authorities and customs offices	X	X	X
	Market Surveillance Authorities	X	X	X
International institutions	International organisations/bodies (UN, WTO, standardisation organisations)	X		
	Other national authorities linked to implementation of Montreal Protocol in other countries	X		
Civil society	Environmental NGOs, campaign groups, charities	X	X	X
	Citizens/general public	X		
Research and academia	Universities, research organisations, Think Tanks (environmental, scientific, economic)	X	X	

3.1 Information requirements from stakeholders

The consultation activities will be critical to gathering stakeholder opinion on the performance of the F-gas Regulation against its intended objectives and the five evaluation criteria. For example, this will gather stakeholder opinions on the extent to which the Regulation has enabled the agreement on the

global HFC phase-down in 2016. Stakeholder will also be gathered to confirm the problem and drivers for the impact assessment aspects and the feasibility of policy options considered.

In addition to views on the evaluation and the proposed policy options to amend the F-gas Regulation, information will be gathered from the specific stakeholders affected by and responsible for the implementation of the F-gas Regulation. The information gathered will help define the status quo against which the performance of the F-gas Regulation will be evaluated, and which will be used to inform the baseline for the impact assessment. The information gathered will also help to identify the likely impacts of the policy options proposed.

The information that will be gathered is mapped out below by stakeholder group. In accordance with the Better Regulation Guidelines, the scope of the consultation may be subject to revision over the course of the consultation activities to ensure the information needs are up to date.

Table 2: Preliminary list of required information and data from stakeholders for the evaluation

Information need	Type of information	Key stakeholder group to be consulted
Use of F-gases	Evidence on current market statistics for use of F-gases and on the sale of products and equipment listed in Annex III Estimated impact of policy options on the use of bulk F-gases and equipment containing F-gases. Quantities calculated by sector	Industry, civil society, research and academia
Available alternatives and their current market penetration	Evidence on the extent of new technically and economically feasible alternatives with a lower GWP on the market since the adoption of the F-gas Regulation. Evidence on use of alternatives Estimated impact of policy options on range and use of available alternatives, including understanding effect on innovation	Industry, civil society, research and academia
F-gas emission levels related to leakages at all stages of the life cycle for various types of equipment and products	Evidence from company recording of leak checks (logbooks) or equipment registers at company, association or national level Estimated impact of policy options on leakage of F-gases in EU	Industry
Effects on energy efficiency	Evidence of efficiency improvements, cost savings and emission savings by operators in response to existing Regulation Estimated impact of policy options on energy efficiency improvements	Industry, authorities
Costs to businesses (i.e. operational, sunk (new equipment), administrative and staff costs (re-skilling or additional hours required)) for all undertakings affected by F-gas Regulation	Evidence on costs and cost savings of using F-gases and their alternatives Impact upon SMEs Case study examples of the Regulation's impact on costs Estimated impact of policy options on current costs and changes to business costs	Industry

Information need	Type of information	Key stakeholder group to be consulted
Costs to authorities for administrative, compliance and enforcement activities	Evidence on cost and cost savings. Information and views (qualitative) on enforcement actions and controls Estimated impact of policy options on associated costs	Member State public authorities
Effect of enforcement	Illegal trade activities detected or avoided, and penalties applied Estimated impact of policy options on illegal trade	Member State public authorities
Reporting on the extent of training and certification	Evidence on Member State training and certification records including the number of trained technicians Estimated impact of policy options on Member State training and certification	Member State public authorities, trade and business associations
National emission reduction schemes	Evidence on the degree of implementation in EU Member States Evidence on Member State actions taken to develop/enhance producer responsibility schemes	Member State public authorities
Extent of knowledge sharing to facilitate increased use of alternatives with lower GWP	Estimated impact of policy options on the dissemination of information across Member States and to operators (in terms of scope and transparency)	All
Monitoring and reporting of F-gases	Evidence on EU and Member State reporting systems Estimated impact of policy options on monitoring and reporting systems	Industry, Member State public authorities, research and academia
Coherence of Regulation, in terms of clarity of Regulation and consistency with other Regulations	Evidence on the F-gas Regulation and related implementing acts as internally coherent and with other EU/international policies, and contribution to the specific environmental objectives	All
Investment flows	Estimated impact of policy options on planned investment, planned foreign investment	Industry
Absolute changes in supply levels	Examples of the Regulation's impact on supply/demand Estimated impact of policy options on industry competitiveness and trade flows, and price of consumer products	Industry
Other economic impacts	Evidence of impact of Regulation on company decisions to locate businesses in the EU or outside the EU, and/or to change their activity level, and impacts on jobs	Industry

4 Consultation activities and their accessibility

4.1 Language of the consultation

The OPC questionnaire will be available in 23 EU official languages. The targeted consultation of relevant stakeholders will be carried out mainly in English, as it is reasonable to assume that all relevant stakeholders have the capacity to be interviewed in English.

4.2 Implementing the consultation

The OPC will be delivered with the use of an online survey questionnaire via the EU online survey management system, EU Survey. The survey will be designed within the framework of the Better Regulation Guidelines.

Where stakeholders are selected for the targeted consultation, they will be contacted by email with a letter of introduction from the EU Commission and a clear statement to show how the targeted consultation differs from the online survey. The interviews will be framed by a proforma in which a series of guiding questions have been drafted according to the various stakeholder groups. The interviews will be conducted by telephone and stakeholders will be offered the option of videoconferencing if that is preferred.

The workshop will take place in Brussels at the EU Commission's premises. The workshop structure will be decided according to the number of registered participants.

The implementation of this consultation strategy may be adversely affected by risks arising from COVID 19. Key risks include reduced stakeholder capacity to engage in consultation activities, travel restrictions limiting attendance at the workshop or even the necessity to conduct the workshop as virtual event. These risks will be monitored, and action will be taken as necessary to mitigate any risks.

5 Indicative timeframe for consultation activities

The OPC is expected to run between September and December 2020. The targeted consultation will also start in September 2020 and will run for a period of seven months. The workshop is expected to take place in the first quarter of 2021.

6 Consultation webpage & communication activities

The open public consultation will be accessible from the EU Commission [consultation web page](#). All information on the revisions of the EU rules on F-gases will be published on the web site of [Directorate General Climate Action](#) of the EU Commission.