



F-GAS TRADING ISSUES

Part I: THE EU F-GAS REGULATION

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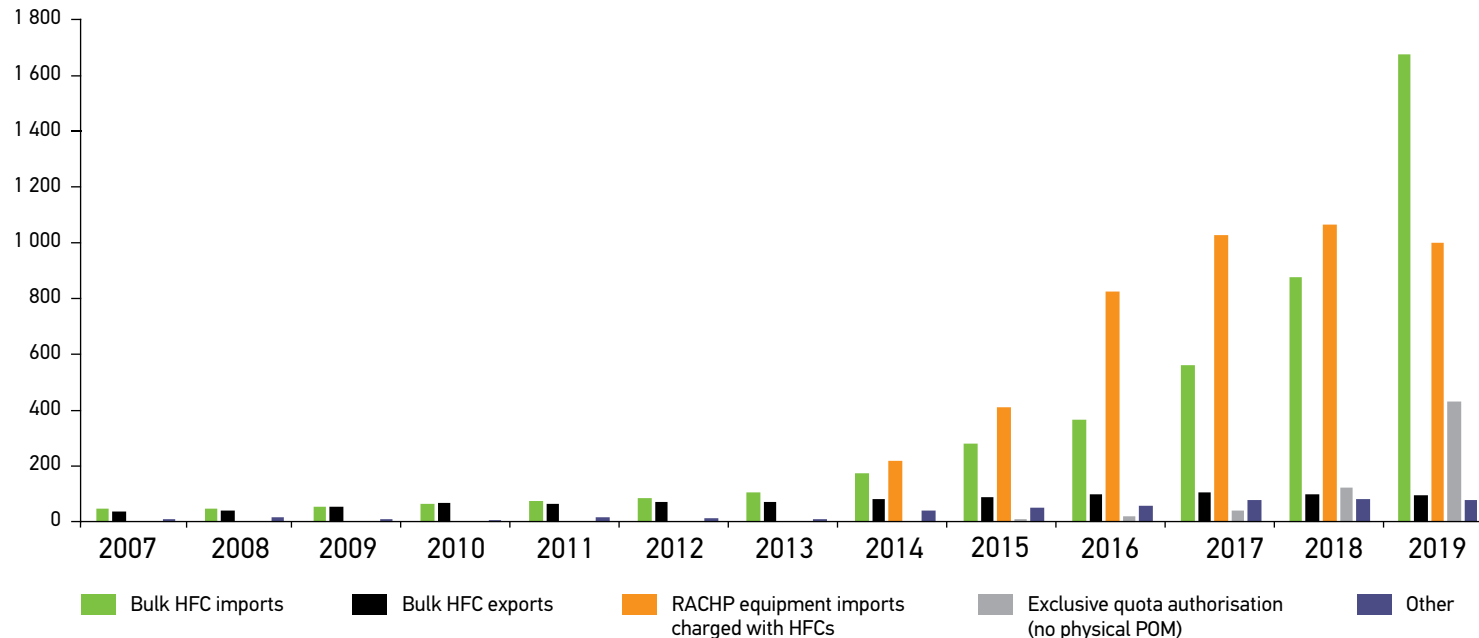


An Uncomfortable Truth

February the 26th 2022:



Number of reporting companies



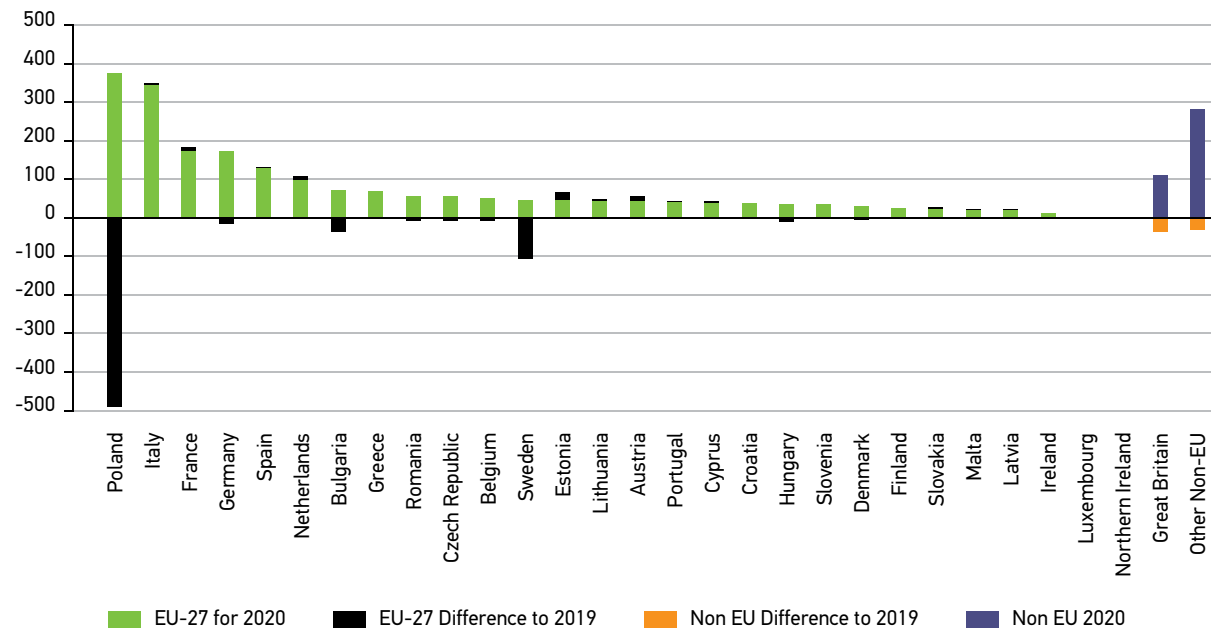
Note: POM, placing on the market. **Sources:** EC (2011, 2014); EEA (2019, 2020b).

Since 2014 the number of Reporting Companies has grown exponentially, with a **peak in 2019**



- UK + RoW ~ 400
- Must appoint an Only Representative in EU for reporting purposes
- Implementing Regulation(EU) 2022/661 sets strict conditions for non-EU based quota holders
- Potential Conflict with other EU Regulations (REACH)

Number of companies reporting on 2020 activities



Note: Nil reports not included.

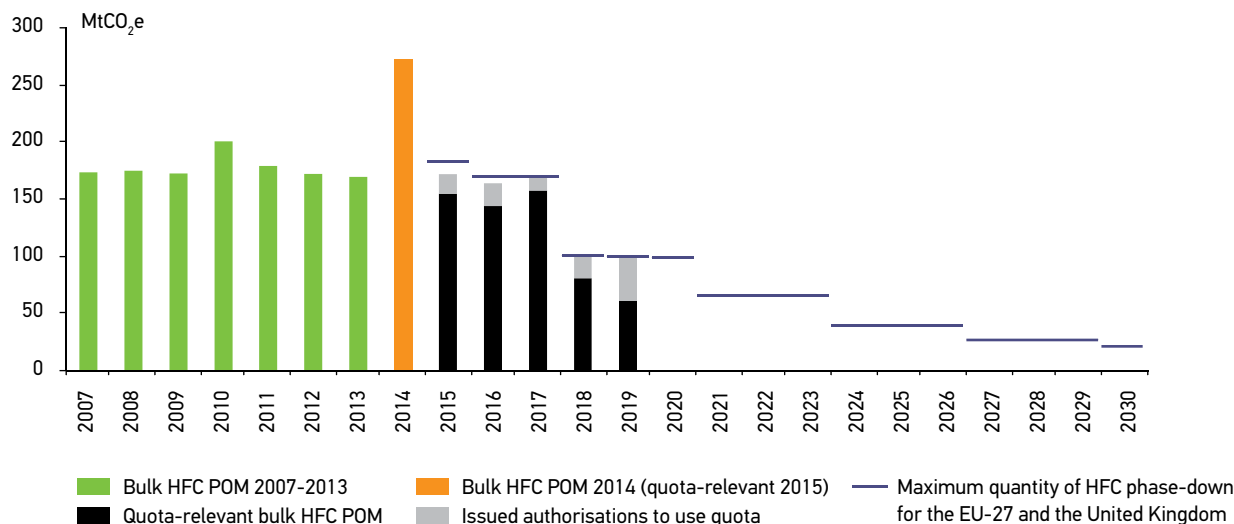
Other Non-EU countries: Brazil, British Virgin Islands, Canada, China, Egypt, Gibraltar, Hong Kong, India, Japan, Korea, Malaysia, Marshall Islands, Mexico, Monaco, Norway, Russia, Saudi Arabia, Serbia, Singapore, Switzerland, South Africa, Taiwan, Turkey, United States, United Arab Emirates.

Sources: EEA, 2021.



- 2014 Stockpiling equivalent to 35% of demand
 - Depleted in 2015/16
- 2018: real squeeze started
 - Size of the authorisations suggest present of substantial illegal trade
- 2019 Enforcement actions started and revealed many Loopholes
 - 100 T CO₂eq exemption
 - Internet sales of non-reusable cylinders
- 2021: Year of the Truth
 - # of reporting companies declined in 2020
 - Customs code - Check on CO₂eq

Progress of the HFC phase-down under EU regulation



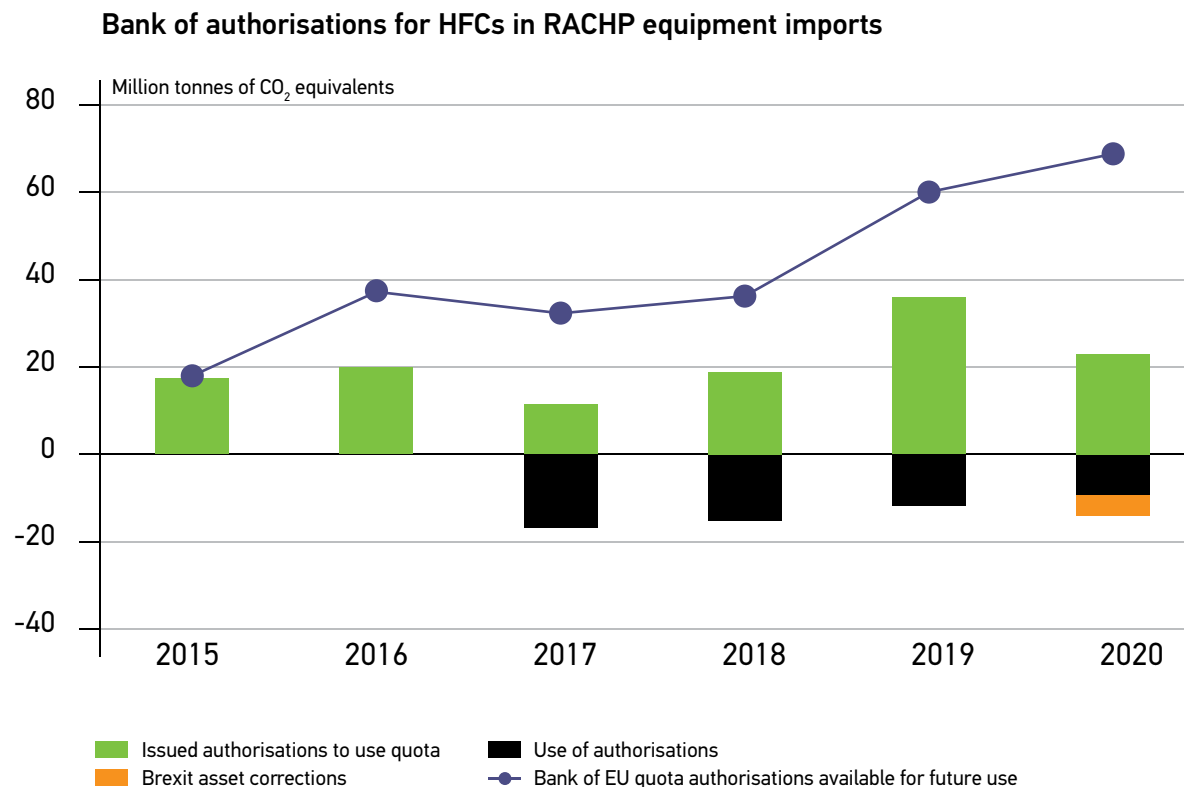
Notes: Values from 2007 to 2013 are based on the reporting obligations of the old F-gas Regulation (EC) No 842/2006 and are therefore not fully comparable with data from 2014 onwards (based on the obligations of the new F-gas Regulation (EU) No 517/2014). The geographical scope of presented POM data is the EU-28 except Croatia for the period 2007-2008 and the EU-28 for the period 2009-2019. The maximum quantities of the EU HFC phase-down shown for 2019 onwards are given for the EU-28. EU-27 maximum quantities for 2021 onwards will need to be recalculated for the period after the Brexit transition period.

Mt, million tonnes; POM, placing on the market.

Sources: EC (2011, 2014, 2020); EEA (2019, 2020b).



- Substantial Growth in 2019 and 2020
 - Equal to full Quota of 2021



Notes: RACHP: refrigeration, air conditioning and heat pumps.

The geographical scope of presented data is the EU-27+UK.

Sources: EC, 2020 and EEA, 2021.



EU Commission published the amendment proposal on April 5th 2022

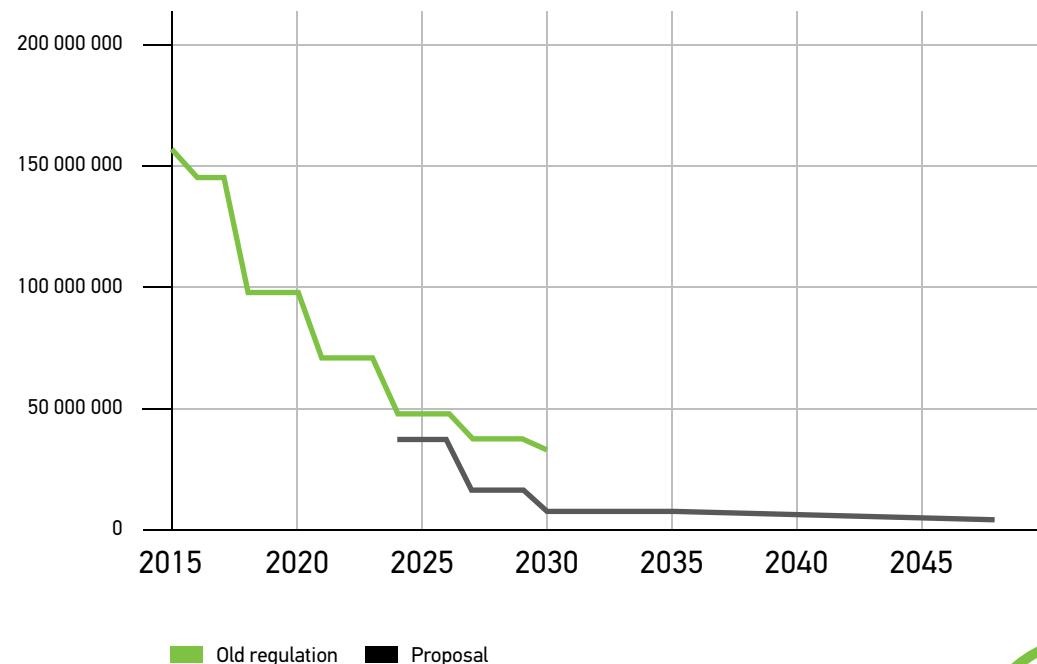
- Public and targeted stakeholder consultations in 2020/21

Goal: additional 40mln t CO₂eq avoided by 2030 (10% increase vs current Regulation)

Quota:

- Production of HFCs subject to rights issued by the EC
- Placing on the Market (PoM) Quotas allocated to Incumbents
- Fee for PoM Quotas @ 3€/t CO₂eq : cost of Quota for 1 kg of R134a = **4.29€**
- New Entrant Reserves unchanged @ 11%
- Only undertakings with at least three years experience eligible for PoM Quota

Current Regulation and Proposal PoM Quota in T CO₂-eq



Other elements:

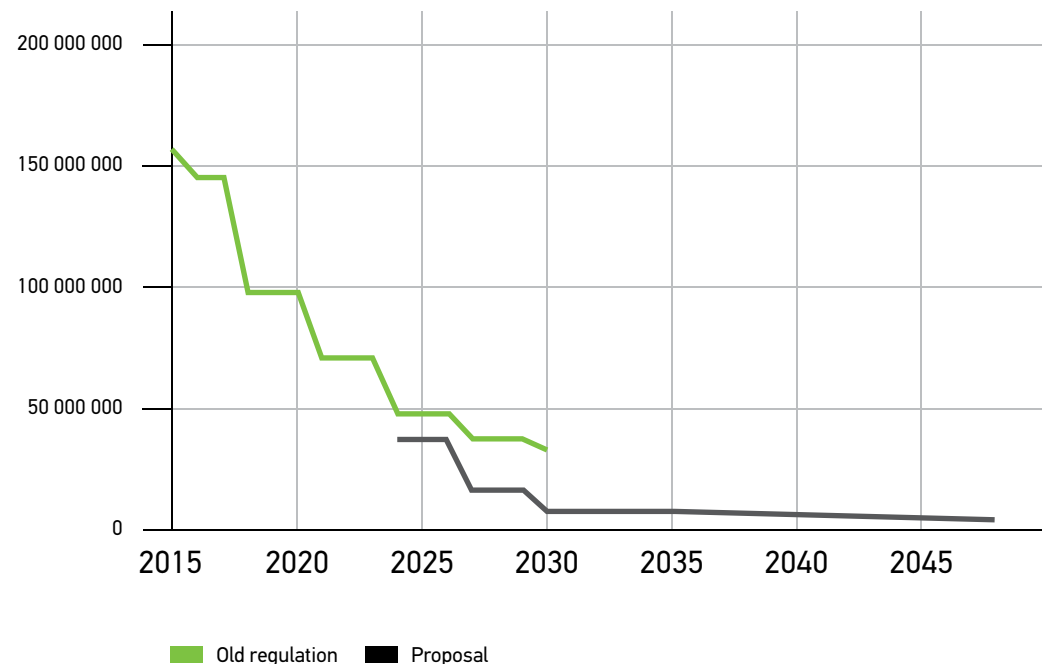
- Bans for New Equipment
- GWP Limitations
- Alignment with Montreal Protocol Kigali Amendment

Enforcement:

- IoR must be an Undertaking registered on the EU HFC Registry
- Imported Refillable Containers must be subject to arrangements for the return

Final adoption expected in 2024

Current Regulation and Proposal PoM Quota in T CO₂-eq



<https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12479-Fluorinated-greenhouse-gases-review-of-EU-rules-2015-20-en>



THANK YOU

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