

F-Gas Industry Roundtable Minutes

30 May 2018, 14:00 – 16:00

EPEE offices, Avenues des Arts 46, 1000, Brussels

I- List of participants

Name	Company
Natasa Sbrizaj	3m
Jean-Paul Heine	ACEA
François Heyndrickx	AFCE France
Kevin Cockshott	AGC Chemicals Europe
Olivier Janin	AREA
Nick Campbell	Arkema
Wolfgang Zaremski	Asercom
Lara Carrier	APPLIA
Raul Simonetti	Carel Industries
Joachim Gerstel	Chemours
Laurent Guegan	Climalife
Hilde Dhont	Daikin Europe
Felix Flohr	Daikin
Stefaan Vanderstraeten	Daikin Europe
Torben Funder-Kristensen	Danfoss
Sébastien Gallet	EFCTC
Paolo Basso	EHI
Oliver Jung	EHPA
Cristina Pini	EHPA
Bachir Bella	Emerson Climate Technologies
Ingo Wagner	Euroheat & Power
Arno Kaschl	European Commission
Bente Tranholm-Schwarz	European Commission
Annette Schneider	European Commission
David Irvine	European Vending Association
Patrick Amrhein	Honeywell
Dermott Crombie	Ingersoll Rand
Ana Roios	Ingersoll Rand
Paul de Larminat	Johnson Controls
Mihai Scumpieru	Mitsubishi Electric

Seiji Inoue	Mitsubishi Electric Europe
Mirko Bortoloso	Mitsubishi Heavy Industries
Ron Henselmans	Mobile Air Conditioning Partners Europe
Karl Ochsner	Ochsner Heat Pumps/Austrian Heat Pump Association
Emilie Stumpf	Panasonic
Rebeka Marsnja	REHVA
Xavier Feys	Samsung
Francois Trichon	T&D Europe
Joe Grealy	Transfrigoroute International
Juergen Goeller	UTC-Carrier
Andreea Kaye	EPEE Secretariat
Andrea Voigt	EPEE Secretariat
Stefan Thie	EPEE Secretariat

II- DISCUSSION POINTS

1. Welcome by the EPEE Director General

- EPEE Director General, Andrea Voigt, welcomed all participants and thanked them for attending in such high numbers.
- Andrea also thanked Bente Tranholm-Schwarz, Arno Kaschl and Annette Schneider from DG CLIMA, European Commission for being present and invited Bente to give some introductory remarks.

2. Introductory remarks – Bente Tranholm-Schwarz, DG CLIMA

- Bente thanked EPEE for organising the roundtable – it is a very good opportunity for the Commission to interact with market players. She continued by saying that the implementation of the phase-down is going very well and the price increases we have been experiencing ensure that the market is moving – otherwise HFCs would be wasted in sectors where they should not be.
- Bente added that the quota declaration was open at the time of the roundtable, closing the day after. Bente also told the meeting that the DG CLIMA team had just redistributed unused quota and penalties in the system and everyone should be able to see a slight increase of available quota soon.
- The Commission received many company reports this spring and are now checking compliance; also checking those companies that the Commission think should have reported.
- In the framework of the price monitoring work done with Öko-Recherche, also started monitoring the prices of authorisations.
- In order to facilitate match-making between companies holding quota and those looking for authorisations, the Commission will set up a ‘tinder’ for quotas in the F-gas Portal.
- Bente reminded participants of the ‘single window’ initiative which will be expanded to include all Member States, as well as about the ongoing standardisation work at EU and Montreal Protocol, which DG CLIMA is closely following.

- In terms of Brexit, Bente explained that we will need to somehow adjust the quotas; however, we don't yet know whether it will be a hard Brexit or a withdrawal agreement meaning that reference values stay the same until the end of 2020.
- When it comes to Kigali ratification, the EU is supposed to ratify together with its Member State, but given that some EU Member States have already ratified, the Commission are trying to convince the Council that the EU should ratify now and not wait for all MSs to ratify first.

Q&A with DG CLIMA

- One participant asked how many companies exceeded the allowed quota and what the average amount was, to which Bente responded that it is too early to tell. Arno added that in 2017 it was approximately 7 companies representing 1% of the market.
3. **F-gas communications strategy and the R-404A leaflet**
 - EPEE's Andreea Kaye provided an update on the f-gas communications campaign, in particular the leaflet targeting installers and video, as well as next steps. See **presentation** for more information.
 - In terms of next steps, the 4 association partners in this campaign, would like to focus next on a leaflet about A2L refrigerants. Asercom added that it is important to address this topic, especially given the barriers in building codes and insurance faced at Member State level.
 4. **Evolution of HFC prices, Öko-Recherche**
 - Julia Kleinschmidt gave participants an overview of the price monitoring project and an update of the recent changes and results. See **presentation** for more details.
 - Julia told the meeting that Q1/2018 data show that price variations for R404A have stabilized and it is now prices of R410A and R134A that are increasing. However, variations so far have been within the expected margins.

Q&A with Öko-Recherche

- 3M asked whether the survey covers the fire extinguishing sector and the answer was yes.
- The data for the first quarter of 2018 will be released in the first week of July.

5. Tour de table and Q&A

- **Asercom**, the association of European component manufacturers, raised the question of many alternative refrigerants having been developed but most of them being unavailable in practice. Refrigerants products responded that is so because each gas producer has a certain strategy in order to maximise available quota and also because no one refrigerants can cover all applications, alternative gases are now more optimised which provides more benefits.
- **Heat pump sector**
 - The Austrian Heat pump Association representative explained that skyrocketing refrigerant prices threaten the Austrian heat pumps industry especially as the move to alternatives takes a long time because, for example, components are still not available for the new refrigerants. Low GWP synthetic refrigerants should be treated the same way as natural refrigerants as they are crucial for meeting the phase-down.
 - EHPA representatives explained that diverging views exist among the heat pump industry and the main priority now is to speed up the deployment of alternatives.

- **District cooling** faces different challenges compared to others in the room – the danger is having large assets stranded because of refrigerant unavailability.
- **EHI** highlighted that action is urgently needed at national level as the local framework has not adapted fast enough to allow the uptake of alternatives.
- **AREA**, representing EU installers, told the meeting that its members are currently also struggling, but also hard at work. There have been reports of increased refrigerants smuggling (for instance internet sales in Italy).
- **ACEA**, representing European car manufacturers, informed that the sector is affected by the phase-down in addition to the impact of the MAC directive and it is paying price increases on gas and authorisations – seen as a double penalty. Price authorisations have increase eight (8) times since 2016 and some gas suppliers are unwilling to see some refrigerants in order to maximise their quota. ACEA also raised the issue of pre-charged equipment exports which should not be included in the quota system.
- **AFCE France** highlighted that on the ground installers are at a loss because of too many refrigerants and so they are unable to make a choice. France is also facing problems with illegal refrigerants sales online, issue which DG CLIMA should address. DG CLIMA explained that Member State have said they are addressing the problem, but invited those present to send concrete cases for DG CLIMA to look into.
- **Transfrigoroute International** explained that the refrigerated transport sector represents a small portion of the market, about 2-3% of total refrigerant used, but low temperature applications are extremely complicated from a technical point of view. Flammable refrigerants pose problems for the transport sector mainly due to traffic and risk of accident. The sector has to strike a balance between the F-gas Regulation, fuel economy and operating costs.
- **EPEE's Andrea Voigt** raised the concerns related to pre-charged equipment exports that are included in the HFC quota to which DG CLIMA explained that the co-legislators expressly decided that these exports should be included in the quota. In addition, the gas in this equipment is covered by the phase-down under the Montreal Protocol and hence if it is not included in the quota system the EU would not be able to ensure compliance with the global phase-down. EPEE reiterated concerns of unfair treatment and explained legal solutions exist – therefore the association will continue advocating on this.

6. Closing remarks

- EPEE's Andrea Voigt reminded that EPEE has been supportive of the phase-down from the beginning and will continue to do so. However, it is important to note that many did not expect such steep price increases and did not estimate the difficulties they would have in meeting the phase-down. She stressed that the industry and legislators need to continue to work together in order to make it a success.