To all MEPs of the Envi, Tran and Agri committees

 To the Rapporteur Bas Eickhout

 October 2013

Dear Sir, Dear Madam,

The end users of industrial refrigeration represented by … express strong concern regarding the consequences of the free allocation of quotas as suggested by the Commission in the draft proposal of the review of the regulation regarding fluorinated green house gases (Fgas).

The Commission proposes to allocate these quotas only to those companies which have recorded the quantities of refrigerants they have placed on the market according to article 6 of Regulation 842/2006 while setting aside 5 % of this market to new entrants.

**Of the 189 M teq CO2[[1]](#footnote-1) put on the European market during the reference period of 2008-2011, 91% were produced or manufactured by 5 companies alone.**

Reserving the free allocation of quotas to the only actors already registered makes us fear an uncontrollable inflation of the price of these refrigerants as well as opacity of a system of which end users would have to bear the brunt.

It already raises questions with regard to the true availability of substances whose patent will fall in the near future.

In Amendment 68, the Rapporteur recommends that each company wishing access to its quota of HFCs pay an allocation fee. Although this recommendation is a step in the right direction, it doesn’t change the control by a limited number of actors of this market of quotas in an environment where end users won’t all have access to readily available alternatives.

France argues that these quotas be submitted to an auctioning procedure open to any operator who wished to join. It also recommends that revenue from these auctions be shared by Member States and the Commission.

These priced auctions and their open market framework could limit the predictable deviance and contribute to preserve the financial capacity of end users to invest in alternatives.

They will, in any case and at the same time, have to bear the very high cost of converting their installations as indicated in the draft new proposed regulation.

We therefore support any alternative to the free allocation of quotas of fluorinated gases which could limit the financial side effects of the proposed phase down.

We recommend that you support the deployment of the financial mechanism which will contribute to technical development and the replacement of refrigeration in all sectors of use.

We remain at your disposal for any further information you could require and we thank you for your interest in this letter.

1. Tonnes équivalent CO2 = contribution climatique des gaz en fonction de leur potentiel de réchauffement global (PRG). Pour mémoire, le HFC-R134a, utilisé en climatisation, a un PRG d’environ 1300. Le HFC-404A, utilisé en réfrigération industrielle, a un PRG de 3900. 1 kg de R134a = 1,3 t eq CO2. 1 kg de R404A = 3,9 t eq CO2 [↑](#footnote-ref-1)