18 January 2021

DEADLINES FOR MEMBERS

All members:

- **By 20 January 2021 EOB:** Extended deadline for members to apply to EPEE communications officer positions.

INSTITUTIONAL UPDATES

EU PARLIAMENT PUBLISHES STUDY ON AIR QUALITY AND COVID-19

- On 13 January, the European Parliament's Directorate-General for Internal Policies (DG IPOL), published a study titled " Air pollution and COVID-19 " which was requested by the committee on the Environment, Public Health and Food Safety (ENVI). The study concludes that the overall impact of air pollution on heart and chronic lung disease is more than large enough to motivate aggressive reduction policies.
- The study is focused on the effects of air pollution on health, notably COVID-19. It notes that a number of studies have suggested that air pollution increases the incidence and the severity of the disease. However, the current data is described as too limited to be certain. Especially the quantitative contribution of air pollution to the disease is still very uncertain.
- The study includes a dedicated chapter on indoor air pollution, noting that its role continues to be undervalued. It points out the specific challenges the regulation of indoor pollution has but argues that no-regret policies such as aggressively discouraging smoking in the home, phase out of woodstoves and improved exhaust of cooking emissions will likely reduce the burden of respiratory and cardiovascular disease in Europe.
- Furthermore, the study takes note of the role of proper ventilation of indoor spaces and finds that it is unclear whether existing ventilation standards, based largely on CO2 concentrations, are sufficient. It is acknowledged that commercially available air-purifiers are relatively effective at removing particulate material from the indoor space but concludes that policy intervention to support such individual solutions is less desirable when compared to public policies focussed on emission reduction.
- In consequence, one of the main recommendations of the report is that measures aimed at reducing greenhouse gas emissions often lower emissions of hazardous air pollutants as well. In view of the EU ambitions to significantly lower greenhouse gas emissions, it is therefore seen as vital to seek and strengthen co-benefits from measures taken in each of these two domains.

RELEVANT INFORMATION FOR WORKING GROUPS

EEE WG:

- **EPEE-EC Meeting on the EED Review:** On 14th January, EPEE held discussions with European Commission (EC) officials on the ongoing review of the Energy Efficiency Directive (EED). EC representatives were interested in discussing the potential expansion of the scope of the comprehensive assessments mandated under EED Art.14, the methodology used for conducting the Cost-Benefit Analysis under Art.14, the role of public buildings in driving the energy transition and the review of the Primary Energy Factor. Additional information covering the outcomes of the meeting shall be shared with the entire EEE WG.
- **EUROSTAT statistical data on renewable energy in Member States:** On 18 December, EUROSTAT published its annual statistical figures on energy from renewable energy sources (RES). At EU level, the share of gross final energy consumption from RES reached 19.7% in 2019, narrowly short of the 2020 target of 20%. While the EU as a whole is therefore well on the way to reaching this target, some Member States will need to make additional efforts to meet their legally binding targets as set out in the Renewable Energy Directive (RED). The data shows significant disparities between Member States, with a share of electricity from renewable sources approaching 70% for Austria (75%), Sweden (71%) and Denmark (65%), compared with 8% in Malta and 10% in Cyprus, Luxembourg and Hungary.

Ecodesign WG:

- **ENER Lot 1 Space Heaters:** At the latest coordination call, Ecodesign WG members agreed on a list of questions and points for clarification to submit to VHK and the European Commission on the occasion of the Lot 1 plenary meeting scheduled for 28 January and agreed on slightly revising EPEE's positions.
- **ENER Lot 38 BACS:** The Secretariat is currently collating all comments received on the draft commenting form on the draft Task 7 report and will issue shortly the final draft for review and approval before submitting it to the study team on 20 January.
- **Informal Gathering on Ecodesign, Energy Labelling & Circular Economy**: Member associations convened last Thursday an ad hoc meeting to exchange views on Circular Economy and the upcoming Sustainable Product Policy initiative. Whilst associations are currently in the process of consulting their respective membership, representatives agreed on the danger of expanding the scope of the Ecodesign Directive to non-energy-related products. Other aspects discussed included the trade-offs between material efficiency and energy efficiency, as well as the importance of ensuring enforceable provisions to guarantee market surveillance. Associations are currently exploring the possibility of co-signing a statement addressed to the European Commission, ideally around mid-February, and are invited to submit their arguments to EVIA, who will be drafting the statement. The Secretariat will take the opportunity of the upcoming Ecodesign WG meeting to gather members' views.

F-Gas WG:

- **TRIS Notification - Malta:** On 13 January 2021, Malta notified the EU, through the TRIS system, of its intention to introduce new requirements for personnel/companies to apply for a license card with the Technical Regulations Division (within the Malta Competition and Consumer Affairs Authority) after they completed their training. The fees will be:
  - Application for licence card by natural person: 40€
  - Application for licence card by undertaking: 70€

The notification states that the Malta Competition and Consumer Affairs Authority is introducing this amendment to have visibility of all undertakings working in the industry locally and to facilitate market surveillance. The original text, translated into English, is available here.

RECENTLY PUBLISHED RELEVANT PRESS ARTICLES

Agence Europe
Portuguese Presidency of EU Council wants to adopt conclusions of EU Council on 'Renovation Wave' strategy
Renewable energy provided 34% of electricity consumed in EU in 2019, according to Eurostat

Ends Europe
Hazardous chemicals: ECHA assesses benefits of EU authorisation list

Euractiv
Brussels postponed green finance rules after 10 EU states wielded veto
20% of UK chemicals registrations face revocation after Brexit

Agence Europe

Portuguese Presidency of EU Council wants to adopt conclusions of EU Council on 'Renovation Wave' strategy

The delegations of the Member States of the European Union, on Thursday 14 January, at a meeting of the EU Council's Energy Working Group, debated the 'Renovation Wave' strategy, with a view to adopting conclusions on the subject under the Portuguese Presidency of the EU Council, according to our information. The Presidency will also aim to include a social dimension, we are told, with special emphasis on the fight against energy poverty, as well as the role of the 'Renovation Wave' in economic recovery and job creation. An idea that several Member States, notably Finland and the Czech Republic, said they would not fully adhere to on the grounds that energy poverty should be addressed through social rather than energy policies. At this stage, the Portuguese Presidency of the EU Council has yet to propose a first draft compromise.

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Renewable energy provided 34% of electricity consumed in EU in 2019, according to Eurostat

In 2019, renewable energy sources accounted for 34% of gross electricity consumption (including electricity consumption by power plant auxiliaries and transformers) in the EU, up 2% on 2018, according to figures published on 8 January by Eurostat. According to the EU's statistical office, wind and hydropower technologies provided a large share (35% each) of this electricity, while the rest came from solar energy (13%) - the fastest growing - solid biofuels (8%) and other renewable sources (9%). The figures also show significant disparities between Member States, with a share of electricity from renewable sources approaching 70% for Austria (75%), Sweden (71%) and Denmark (65%), compared with 8% in Malta and 10% in Cyprus, Luxembourg and Hungary.
See Eurostat figures: https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20210108-1?redirect=/eurostat/home

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ENDS Europe

Hazardous chemicals: ECHA assesses benefits of EU authorisation list

Placing harmful chemicals on the EU 'authorisation list', where use is permitted on a case-by-case basis only where no alternative is available, has led companies to stop using them completely in almost half of cases, with volumes of the remainder down 97%, the European Chemicals Agency said on Wednesday.

"This indicates that uses of authorised chemicals have been extensively replaced," ECHA said as it published a study into the socio-economic impact of substances authorised for use under the EU's flagship regulation on registration, evaluation, authorisation and restriction of chemicals (REACH).

To date, only 54 chemicals – among them several phthalates and chromium compounds – have been placed on the list of substances where specific authorisation is required prior to use. The selection process is slow, and currently 209 substances of very high concern (SVHC) await assessment on ECHA's 'candidate list'.

Of 48 companies polled by the agency, a quarter said they chose to substitute a chemical as soon as it was included in the candidate list, with 21% switching to an alternative when the initial recommendation was made. A further 27% said inclusion in the authorisation list triggered a decision to substitute.

For those that remain in use, ECHA estimates "the societal benefits of authorising SVHC uses to be almost 20 times greater than the remaining health risks". As a concrete example, the Helsinki-based agency concluded that "for carcinogenic and reprotoxic substances, these benefits were estimated to amount to €8.7bn per year".

"Continued uses of SVHCs impose related health risks that were monetised at €0.5bn per year, implying that the societal benefit from these SVHC uses is almost 20 times larger than the monetised health risks," ECHA found. The largest share of applications came from firms based in Germany, followed by France, the UK and the Netherlands.

ECHA acknowledged that continued release into the environment was "another negative consequence of authorisation", but that the level of pollution was far lower than it would be if the system were not in place.

"Thanks to the conditions set in the opinions of the Committees for Risk Assessment (RAC) and Socio-economic Analysis (SEAC), the emission of endocrine-disrupting substances subject to authorisation are projected to decrease by over 90% from some 10 tonnes per year in 2020 to 0.7 tonnes per year in 2032," the agency concluded.

"At the same time, the continued use of these substances is expected to preserve societal benefits of at least €6.1bn per year," ECHA added.

By the end of 2020, ECHA had received 217 applications for 346 uses of chemicals subject to authorisation. The EU regulator's director for risk management, Peter van der Zandt spoke of the "positive effects on our health and the environment" of the current regulatory model.

“It has advanced substitution of harmful chemicals and helped to control their risks, while ensuring that European companies can remain competitive,” van der Zandt said.

The slow pace of substitution of harmful chemicals in the EU has been the subject of criticism over the years, however. The Swedish-based ChemSec’s regularly updated ‘SIN list’ of chemicals it says should be subject to authorisation according to REACH criteria contains over 900 substances.

The European Commission promised to tighten legislation on harmful chemicals, and advance the ‘zero pollution ambition’ of the European Green Deal, with the launch of the Chemicals Strategy for Sustainability last year, despite assiduous lobbying from the chemicals industry, which argued in favour of maintaining the status quo.

EURACTIV

Brussels postponed green finance rules after 10 EU states wielded veto

The European Commission was forced to delay publication of detailed implementing rules on the EU’s sustainable finance taxonomy because of the sheer number of comments received and a threat of blockage from eastern and southern EU member states, EURACTIV can reveal.

The EU executive published the draft implementing rules on 20 November, touting the proposal as “the world’s first-ever ‘green-list’” of economic activities aimed at encouraging private investments in the green economy.

A public consultation on the draft rules – known as delegated acts – closed on 18 December with more than 46,591 answers received and thousands of pages of feedback. As a result, the final proposal, initially due to be published by 1 January, was delayed with no clear indication of when it will come out.

“Colleagues are currently assessing the volume and nature of this feedback,” said Daniel Sheridan Ferrie, the European Commission’s spokesperson for banking, financial services, taxation and customs.

“The aim is to adopt the delegated act as soon as possible given the high number of replies,” he told EURACTIV in emailed comments, refusing to give further detail as to the expected publication date.

The guidelines are aimed at steering private investors towards environmentally sustainable companies, by laying down detailed emissions thresholds defining which economic activity can be considered “sustainable”. Other categories in the taxonomy include “transition” and “enabling” economic activities.

The European Commission hopes this will provide clarity over which firms are truly sustainable and prevent greenwashing by providing investors with clear operational guidance about what is green and what is not.

Gas: a ‘transition fuel’?

But the proposal also caused an uproar among eastern and southern EU member states, who complained that natural gas had been denied "transition" fuel status in the draft guidelines, even when it replaces coal in power generation.

Poland in particular "has been critically vocal" about the draft taxonomy delegated act, said an EU diplomat familiar with Warsaw's position.

On 18 December, the day when the public consultation came to a close, a group of 10 EU countries submitted a "working non-paper" to the European Commission expressing their concerns.

The joint paper "emphasised the need to maintain the possibility of using gas as a transition fuel," and also insisted on "the possibility of using hydrogen from various energy sources" – not just renewables, the diplomat told EURACTIV.

The paper was signed by Bulgaria, Croatia, Cyprus, Czechia, Greece, Hungary, Malta, Poland, Romania, and Slovakia and sent out to the European Commission one week after an EU summit meeting where heads of states haggled through the night about the bloc's new climate target for 2030.

It was a bruising summit where leaders from Poland and other eastern EU countries fought tooth and nail to assert their sovereignty in choosing their own energy mix – including natural gas – when meeting the bloc's new climate goals.

In their conclusions, agreed unanimously after a night of strenuous talks, EU leaders reaffirmed this principle, saying they acknowledge the right of each country "to decide on their energy mix and to choose the most appropriate technologies to achieve collectively the 2030 climate target, including transitional technologies such as gas."

The explicit mention of gas in the summit's final communiqué was subsequently picked up by the group of 10 EU countries, who said their demands were "in line with the conclusions of the December European Council," the diplomat said.

Risk of "green bubble"

Faced with a potential veto from a blocking minority of EU member states, the European Commission was forced to back down.

But the Commission's woes with the green finance taxonomy did not stop at gas or the 10 signatories of the paper. Almost every EU country or interest group had complaints about the draft delegated act, according to a well-positioned source in the European Parliament who keeps a close eye on the dossier.

One such complaint came from EU heavyweight Germany, whose finance ministry reportedly indicated that only 2% of German blue chip companies listed on the DAX stock exchange would be considered "sustainable" if the Commission's draft delegated act had been implemented in its current form.

Without more nuance in the classification of companies, the taxonomy risked creating a "green bubble" that would see investors rushing to buy stocks from a handful of firms considered truly "sustainable" under EU rules, the ministry warned.

German diplomats in Brussels did not confirm or deny the finance ministry's warning. However, the message was echoed on substance by Yves Mersh, Luxembourg's representative at the European Central Bank's executive board.

"There are many industries that are neither clean nor dirty and they also raise funding on the market," Mersh said in a recent interview, warning about "a certain gap between [the taxonomy's] envisaged objective and its practical usability".

"I don't think we can stop climate change by choking off entire sectors of the economy," Mersh cautioned, warning about the taxonomy generating "an unsustainable 'green bubble' detached from fundamental data".

The European Commission is now busy reworking its proposal and will present an updated draft to EU national representatives during a meeting of the EU member states expert group (MSEG) on sustainable finance, scheduled for 26 January.

Following that, the final version draft delegated act could be published sometime between late January and mid-February, EURACTIV understands. EU countries will then be faced with a binary choice: either they adopt the draft without changes or they reject it as a bloc.

Opposition in Parliament

However, should the European Commission succeed to overcome opposition from member states, it will then have to convince the European Parliament, which also has veto power.

And opposition is also building up in the EU assembly. In October, a cross-party group of 51 MEPs from Eastern EU member states wrote a letter to the Commission, calling for the taxonomy to secure a "transition fuel" status for the most efficient gas technologies.

"Should the technical screening criteria of Taxonomy rule out state-of-the-art gas-fired generation as transitional by setting unfeasible limits, the overall costs of the energy transformation will be increased for those regions, which still need to develop gas today as partial replacement for coal," the MEPs wrote in the letter, published by Politico.

"Highly efficient gas generation can play an important role in balancing the grid and gas cogeneration plants can improve air quality in cities across EU," the MEPs said. "We therefore call for the Commission to recognise the significant regional sensitivities across Europe through the delegated acts under the Taxonomy Regulation".

The 51 signatories included a majority of MEPs from the centre-right European People's Party (EPP) and the European Conservatives and Reformist (ECR), including senior figures such as former Polish Prime Minister Jerzy Buzek. But it also included socialist MEPs such as former Romanian President Traian Băsescu, and a few centrists such as Ondřej Knotek and Clotilde Armand (Renew).

Elsewhere, criticism came from greens and leftists who argue the draft is too timid, notably when it comes to promoting investments in green agriculture.

The risk, according to one well-placed Parliamentary source, is that the EU assembly also rejects the draft. Between themselves, the two committees in charge of the taxonomy – the environment and economic affairs committees – are close to securing a majority to reject the proposal, the source said.

Seventy-one votes are necessary to pass or reject a proposal and there are already 65 MEPs who expressed themselves against the draft taxonomy delegated act, the source said, suggesting the 71 threshold will be easily reached.

"The worst-case scenario is that the draft delegated acts are rejected," the source said, warning this would "nix the taxonomy in the bud".

20% of UK chemicals registrations face revocation after Brexit

Around 20% of registrations from UK-based companies to the European Union's REACH chemicals database have not been transferred to EU companies and will be revoked after 31 March 2021, according to the European Chemicals Agency (ECHA).

As part of Brexit, the UK left the EU chemicals database, REACH, and set up its own version to register and monitor chemicals in Britain.

Out of the 2,140 REACH registrants in the UK, 80% had either started or already completed the transfer of their registrations to EU companies by 31 December 2020, the end of the transition period.

This process must be completed by 31 March 2021 or the transfer will be cancelled and the registration revoked, meaning registrants will no longer be able to legally place the substance on the EU market.

"Those transfers that are not accepted by these EU successor companies by 31 March 2021 will be cancelled, the registrations will be revoked and the companies will no longer be able to legally place their substances on the EU market," ECHA said.

More than 2,900 UK registrations, representing 1,830 substances, missed the deadline and will be revoked. This makes up around 3% of total registrations under REACH.

This number may increase, if transfers are not completed by the March deadline.

"Due to the type of registrations and behaviour of companies that have initiated the transfers in due time we have no concrete indications that this will have a significant impact on the supply chain," ECHA told EURACTIV.

During the transition period, UK-based companies were advised to finalise pending registrations and transfer them to companies located in EU jurisdictions.

After the transition period ended, all UK submissions to the REACH-IT database were terminated and no registration numbers will be issued to UK companies. This affects Northern Ireland separately as it has a different legal status in the EU-UK trade agreement.

By the end of the transition period, 268 substances were registered in the UK only and will subsequently have their EU registrations revoked after March. Information from the UK registrations will remain on ECHA's website after the revocation, however.

“Of the 268 substances that were only registered in the UK and not transferred to an EU successor, almost 60% correspond to substances that were registered under REACH only for intermediate use,” said ECHA.

“Conversely, the transfer was not initiated or completed for only three substances with a total tonnage above 100 tonnes per year, which indicates that the likely impact of the substances is limited,” they added.

Over 1,800 registrations, including for 237 substances that were only registered in the UK, are now being transferred to the EU.