



# Fluorinated Gases Regulation RECOMMENDATIONS

22 September 2022

CEDEC represents the interests of 1.500+ local and regional energy companies, serving 85 million electricity, gas and district heating customers and connections, with a total turnover of €120 billion, with more than 350.000 employees.

These predominantly medium-sized local and regional energy companies have developed activities as electricity and heat generators, as operators of distribution grids and metering systems for electricity, gas and heating & cooling, and as energy (services) suppliers.



The wide range of services provided by local utility companies is reliable, sustainable and close to the customer. Through their investments and local jobs, they make a significant contribution to local and regional economic development.

## RECOMMENDATIONS

### for a revised FLUORINATED GASES REGULATION

CEDEC welcomes the Commission proposal for a revision of the fluorinated greenhouse gases (F-gases) Regulation, and supports the objectives of alignment with the climate goals set at EU and international level as well as developments in best practice in the field.

In this regard, local energy companies have a significant role to play in achieving Green Deal objectives, as they are actively contributing to the energy transition by creating reliable and sustainable energy initiatives. CEDEC's members are also committed to reduce their own GHG emissions linked to their activities, including those regarding fluorinated greenhouse gases. The availability of suitable and reliable alternatives to SF6 switchgear for use in the distribution networks is evidently a prerequisite to gradually shift away from SF6-use.

Although we see a positive evolution in the development of SF6-free technologies and believe that SF6-free alternatives will become available in the future for all new switchgear, CEDEC considers the current timings proposed by the Commission at risk of creating risks concerning the safety and availability of switchgear, as well as market distortions and legal uncertainty.

**Recommendation 1 – Timing of placing on the market prohibitions for SF6 for medium voltage and high voltage switchgear and GWP limits (Annex IV point 23, referred to in Article 11 point 1)**

The timing currently proposed would only allow a transition time of 3 years for the group a) switchgear up to 24 kV, and 5 years for the group c) switchgear more than 52 kV and up to 145 kV. Confusingly, the proposed text also applies the same timeline for the placing on the market ban of both gases with GWP >10 and gases with GWP >2000. This would appear to mean that products with GWP < 2000 are still allowed to be put on the market, but only if there is no alternative with a GWP < 10. (GWP = Global Warming Potential values)

This short timeframe, as well as the use of a two-tiered GWP limit with the same prohibition date, creates several issues:

- From a **safety** standpoint, these transition times do not allow for full testing in order to guarantee technical reliability and comply with international standards, nor for customisation to comply with mandatory national and local procedures for occupational health and safety.
- The lack of clarity concerning GWP ranges also leads to **legal uncertainty** for manufacturers, who will face difficulties determining whether a product can still be sold in the EU as this will depend on other manufacturers rather than on a fixed and clear legal framework.

- Moreover, these transition times are liable to create **market distortions**. Although an exemption is provided in case no switchgear manufacturer can meet the requirements, this creates the risk of a suppliers' monopoly and loss of competition, given that as soon as only one switchgear manufacturer has a SF6-free product with GWP < 10, customers are forced to buy this product at any cost (cf. CEDEC AM 4). In accordance with common practices, we consider the availability of at least 3 participants necessary in order to have fully developed competition, which the current timeline would make difficult.
- In addition, the proposed transition times would negatively impact current **tendering procedures**. Indeed, framework agreements have a minimum duration of at least 4 years given the effort needed to accomplish the required engineering and customisation and the effort inherent in the tendering process. With a transition time of 1 January 2026 for group a), it will be virtually impossible to launch new tenders for a framework agreement since SF6-free alternatives are not yet fully available, and therefore any 4-year framework agreement launched as from 1 January 2023 would run significant risk of being undeliverable due to the prohibition.
- It should also be noted that the current roadmap of switchgear manufacturers is still under development and does not yet include all possible versions (design and construction, ratings) of the SF6-free alternatives by 1 January 2026 for group a). This will create a risk of **unavailability of switchgear** required for the grid investments in the context of the energy transition. With the timing in the current proposal for group c), the above-mentioned issues are also of concern for switchgear with a rated voltage above 52 kV up to 145 kV due to the longer development times depending on the global warming potential ('GWP') limit to be considered.

→ Changes needed in Annex IV point 23

### Recommendation 2 – Exemption for spare parts and repair of switchgear (Annex IV new par 3)

Switchgears have a very long service life of 30+ years and the availability of spare parts are **essential to maintain the existing installations in operation** in order to guarantee security of supply, technical reliability and safety of the operator.

Spare parts are also required to meet the proposed requirement of Article 4 paragraph 4. It is mandatory to repair the installation without undue delay – but this will be impossible to achieve unless spare parts can be made available for the total duration of the switchgear's life. By nature, spare parts for electrical installations meet the requirements stated in Article 11 paragraph 4 and should therefore be exempt from the dates of prohibition indicated in Annex IV point 23.

Moreover, the prohibition of placing on the market in Article 11 paragraph 1 applies to "(...) products and equipment, including parts thereof, listed in Annex IV (...)" which would therefore appear to also cover spare parts needed for safe operation or repair of switchgears. However, the wording of Annex IV point 23 only refers to installation and replacement of switchgears and not spare parts for maintenance and repair.

Since spare parts are mostly filled on-site and only replace existing gas-volumes, we would propose to include an exemption for spare parts for use in existing switchgears where the main installation has been lawfully put on the market and the repair is performed according to the requirements of Article 4 paragraph 4.

Accordingly, we therefore would support a simplification of GWP ranges and an adapted timetable to enhance legal certainty while maintaining ambition and supporting the use of SF6-free alternative technologies.

→ Changes needed in Annex IV (new par. 3)

### Recommendation 3 – Exemption to allow placing on the market where no other alternatives available (Art. 11 para. 4 and Annex IV para. 2)

The review proposal includes two possibilities for exemption to the placing on the market ban. On the one hand, Article 11(4) allows for a Member State competent authority to apply for an exemption for certain products and equipment concerned by Annex IV, which the Commission can grant via implementing act given certain preconditions. On the other hand, Annex IV para. 2 concerns a more ad hoc exemption based on the unavailability of alternative technical solutions for a tendering procedure.

Both exemption procedures provide welcome regulatory relief in case of unavailability of technical solutions, but have the risk of creating monopolies with the current limits proposed in Annex IV point 23.

Concerning the exemption in Article 11(4), the preconditions set in the review proposal are insufficiently precise. As mentioned in Recommendation 1, it is not sufficient that technical solutions are available, they must also be sufficiently proven and fulfil common quality requirements. Moreover, the exemption should be available in case there are less than two manufacturers supplying these proven and tested alternatives in sufficient quantities, so as to avoid the risk of monopoly.

Furthermore, regarding the exemption under Annex IV, there are niche segments where products are in use with GWP >10 and < 2000. With the current proposal, these solutions will be effectively banned as soon as one product with GWP < 10 enters the market. This could create a monopoly by lack of competition. To stimulate competition and guarantee acceptable costs, CEDEC proposes to change the wording of the exemption to clarify that the costs should not be disproportionate, as reflected in Article 11 para. 4.

→ Changes needed in Article 11 para 4 and Annex IV para. 2

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