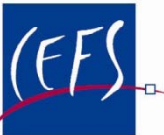




Working Group on Environmental Affairs

CEFS Congress in Dubrovnik

8 June 2017



Meetings

Last meeting : 14 March 2017

Next meeting : 12 October 2017

Summary

- 1. Revision of the EU Emissions Trading System.**
- 2. Revision of the Food, Drink & Milk BREF**
- 3. PFP Forum on Life Cycle Assessment**



1. Revision of the EU Emissions Trading System



1. The EU Emissions Trading System

Amends Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments

- Concerns 4th trading period (2021-2030)
- ETS sectors must reduce emissions by 43% by 2030. (compared to their 2005 levels)
- Sectors at “risk of carbon leakage” (CL) require “free allowances” to survive.



1. Timeline of the Trading Periods

1st phase (2005-2007)

Learning Phase

Carbon price

Free Allocation

3rd Phase (2013-2020)

20% less emissions by 2020

Each year 1.74% less allowances

2nd phase (2008-2012)

10% less free allocation

1st Kyoto Commitment period

Free allocation

4th Phase (2021-2030)

43% reduction by 2030

2.2% less allowances each year

Additional 556 million tonnes of emissions

Revision of the 52 benchmarks.

1.CEFS position on ETS

- Supports “**in/out**” **binary** approach on **carbon leakage**
- **Heat benchmark** should be based on **technically achievable** and **efficient processes**.
- Support of **high-efficient Combined Heat and Power (CHP) plants**.
- Harmonised compensation of **indirect costs at EU** level for sectors at **risk of carbon leakage**.
- **Transfer of emission allowances** within the **company in the case of site closures**.

1. Update since February 2017

Plenary of EU Parliament – 15.02.2017

Duncan's Report APPROVED! 379 « for » versus 263 « against »

Mandate to rapporteur to bring it back to the ENVI Committee to prepare for discussions with the Council.



1. Position of the EU Parliament

- ❖ The binary approach on carbon leakage was kept with a **threshold of 0.2**.
Sugar sector remains in the CL list as before.
- ❖ **Auctioning share will reduce up to 5% and will be distributed as free allocations.** If not sufficient, a **Tiered Cross Sectoral Correction Factor (CSCF) will be applied.**
- ❖ Flexibility measures for calculating free allocations for installations *for industry sectors where capacity is regularly transferred between operating installations in the same company.*
- ❖ Dynamic allocation of allowances expressed as the **decrease** or increase of **at least 10% in production.**
- ❖ Benchmarks will be based on the **10% most efficient installations.**
- ❖ **400 million allowances** shall be set aside for new entrants and significant production increases.

1. Discussions shift to the EU Council



28 February 2017 - Council reaches general approach on the proposal:

- First Presidency mandate at the first informal Trilogue.

4 April – First informal Trilogue:

- Main points of the EU Parliament (EP) and Council.

26 April and 4 May – Technical Meetings

8 May - Working Party on Environment (WPE) examined the EP amendments on issues not part of discussions leading up to Council's general approach:

- Draft mandate for Maltese Presidency to be scrutinized by the Permanent Representations.

Second Trilogue scheduled to take place on **30 May 2017** postponed:

- EP rapporteur Ian missing due to the UK elections.
- Next trialogue planned for **the 27th June**.

Trilogues not expected to end before July - Estonian Presidency.



MALTA EU2017



EU2017.EE



Estonian Presidency
of the Council of the
European Union



1. CEFS actions at Council level



Focus on the fall-back benchmarks.

Heat benchmark revision not a tool to decrease free allocations!

Update of benchmarks should allow gradual decarbonisation not an overnight switch to renewables!

Therefore:

- Fuel for the revision should be **kept to natural gas**.
- Revision should be in **line** with the **Energy Efficiency Directive**.

Also **compensation** should be given to **self-produced** and **self-consumed cogenerated electricity**.

Statement sent to the Permanent Representations & Council.

1. Next steps – approaching DG CLIMA (I)

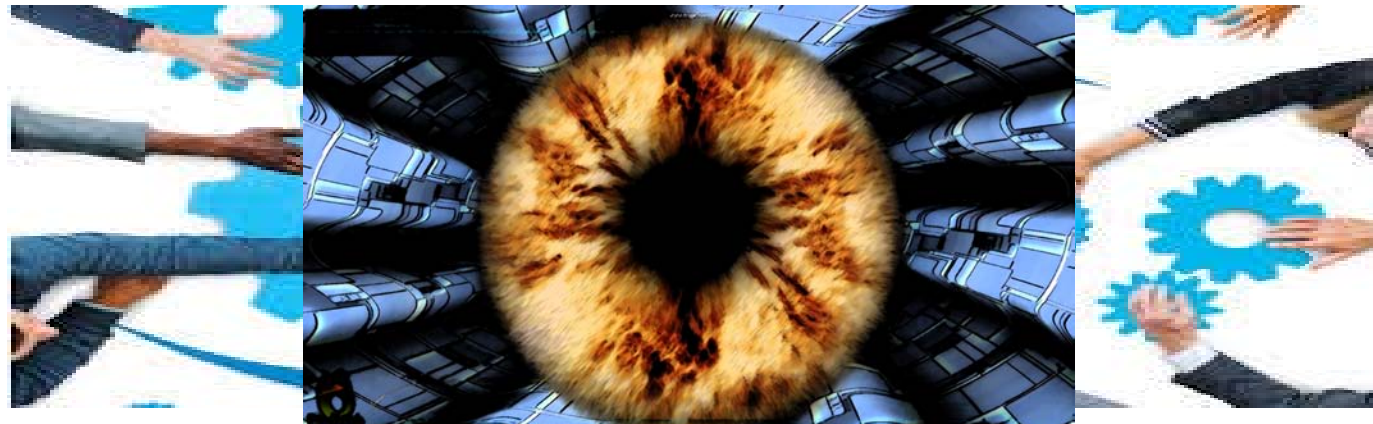
Heat benchmark **too technical** to be discussed in detail in Trilogues.

DG CLIMA will revise the methodology after the adoption of the proposal and collect new data for the benchmarks.

Mr Zapfel has received the CEFS position on benchmarks but:

CEFS alone cannot convince the Commission!

Need to form a coalition of energy intensive industries under the heat benchmark!



1. Next steps – approaching DG CLIMA (II)

CEFS to collaborate with



Common position on the heat benchmark

Position to be sent to DG CLIMA



Joint meeting with Mr Zapfel ideally before the Trialogue of 27 June.



2. Revision of the Food, Drink & Milk BREF

2. State of Play on Revision of FDM BREF

The **European Industrial Emissions Directive (IED)** sets requirements for harmonized permitting, monitoring and inspection of over **50,000 EU installations**.

Each installation under the IED is required to have a permit **containing emission limit values** based on the application of **Best Available Techniques (BAT)**.

Objective of **minimising emissions of pollutants emitted in significant quantities to air, water or land**.

For the food and drink sector - **Food, Drink and Milk BREF (FDM BREF)**.

Revision of the FDM BREF is organized and carried out by the **JRC in Seville via working group of experts**.

Conclusions of BAT Reference documents reference for permitting and monitoring of industrial installations. Specific **BAT document for sugar production**.

CEFS member of the Technical Working Group.



2. Comments on the First Draft of FDM BREF

Following the end of the data collection process, the EU IPPC Bureau released the first draft of the FDM BREF on the 1st of February.

The members of the Technical Working group (national authorities and industry associations) were given until the **21st of April** to provide comments.

WG collaborated to agree upon and **submit 97 comments in total.**

Majority were on the BAT Conclusions (**Chapter 17**).

BREF authors received **1963 (!)** comments.

60% of which were **on Chapter 17 aka BAT Conclusions.**

Chapter 15 on Sugar Manufacturing received 100 comments!

2. CEFS key positions

- **Landspreading management must be included as a BAT in FDM BREF.**
- **Data from raw cane sugar plants should be excluded from the panel and subsequently from the BAT-AEPLs.**
- **The AEPL for the waste water volumes does not correctly into account the different beet sugar factory setups.**
- **Coherence is needed with the revision of the Waste Framework Directive** hence “residues” should be called “by-products”.
- **Indirect steam drying is not generally applicable.** It cannot apply when only changing the pulp dryer in an existing sugar plant.

Several authorities asking for a physical meeting but JRC proposes a webinar.

Comments received are likely to be the last taken into account.

CEFS to keep in touch with JRC for the Webinar.





3. PFP Forum on Life-Cycle-Assessment

3. Single market for Green Products

- Empowering consumer to green his consumption by giving him information on the environmental impact of food/non-food products.
- Commission Communication on a Single Market for Green Products introduces the Product Environmental Footprint method (PEF, Commission Recommendation 2013/179):
 - ✓ Recommending the voluntary use of these methods by M.S, companies, private organisations
 - ✓ Providing principles for communicating environmental performance.
 - ✓ Developing benchmarks: defining an average representative product.
 - ✓ Announcing a 3-year testing period to develop product and sector specific rules (PEFCRs).
- So far, ISO is offering LCA as a tool for front runners. With the PEF, the Commission is trying to encourage a horizontal voluntary use of LCA.
- “Comparability of products is the key to remaining competitive”.

3. PEF pilots update

- **Final adoption of PEFCRs by Steering Committee in November 2017.**
- **Policy options for communicating environmental information to come in 2018. Ecofys won the tender as a supporting consultant.**
- **Most relevant pilot is the one on animal feed due to beet pulp and molasses.**
- **Industry position:**
 - **PEF not yet ready for facilitating Business to Consumer information.**
 - **A tool for improvement of a product's environmental impact over time but not product comparison.**
 - **Should not be confused with the FDM BREF – process and permits!**
- **Individual companies still likely to use PEFCRs for product comparison.**
« If my competitor's product has a lower impact, I must reduce mine as well ».

3. Policy options for the PEF

List of options/scenarios to be communicated to Ecofys at the start of the project:

- Business as Usual scenario – do nothing more
- Consider the use of PEF in existing product or organisation policies such as: Ecodesign, Ecolabel, Green Public Procurement, Eco-Management and Audit Scheme etc...
- Self standing schemes based on PEF method (voluntary/ industry-led/ mandatory...)
- New policy framework for Sustainable Consumption and Production.

CEFS has already conducted an LCA study and has proposed Product Category Rules for Sugar but next steps still uncertain. Joint concern with PFP.



3. PFP LCA event on 30 November 2017

- PFP to hold a **public event on environmental LCA** to:

Enhance visibility of the first transformation industry in light of the discussion of the policy options to be proposed by Ecofys.

Defend that PEF should be voluntarily used and not for product comparison.

LCA a tool to make production chains more sustainable.

- **Targeted speakers:**
 - ✓ Companies using LCA e.g. Nestlé
 - ✓ PEF pilots: Feed pilot
 - ✓ Academia: ETH Zurich or TU Berlin
- **Panel debate**
- Venue : 1st choice – EU Parliament.

Thank you

