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**REGULATORY SCRUTINY BOARD OPINION**

Ozone layer protection – revision of EU rules

{COM(2022) 151}

{SWD(2022) 99, 100}



## **Opinion**

**Title: Impact assessment /Ozone layer protection – revision of EU rules**

**Overall opinion: POSITIVE**

### **(A) Policy context**

A layer of ozone in the upper atmosphere protects living beings from harmful solar radiation. In the 1980s, scientists discovered the so-called “hole” in the ozone layer caused by emissions from certain manufactured chemicals (ozone-depleting substances, ODS). Many ODS are also strong greenhouse gases.

In 1987, the international community adopted the Montreal Protocol to phase out the production and consumption of ODS. The ODS Regulation is the main instrument to ensure that the EU fulfils its obligations under the Montreal Protocol. It generally prohibits production, trade and use of ODS, while exempting a few specified uses where alternatives were not available at the time of its adoption. All phase-out dates are now in the past.

A recent evaluation found that most of the obligations and measures of the current Regulation are fit for purpose. Nevertheless, there is scope to further reduce remaining emissions of ODS and to improve the design of the Regulation in certain aspects. The impact assessment examines ways to address these issues.

### **(B) Summary of findings**

**The Board notes the additional clarifications and commitments to make changes to the report.**

**The Board gives a positive opinion. The Board also considers that the report should further improve with respect to the following aspects:**

- (1) The description of some measures and options is not fully clear.**
- (2) The impact analysis of a number of measures is not sufficiently developed or based on a too narrow evidence base.**

### **(C) What to improve**

- (1) The report should present more clearly the measures and policy options. It should explain how the individual measures were selected. As regards the measures to reduce**

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This opinion concerns a draft impact assessment which may differ from the final version.

emissions, the report should justify the focus on obligations and prohibitions, and explain why other measures such as economic incentives are not considered. It should clarify which types of foam banks are covered by the different options on their recovery and destruction and why.

(2) The report should strengthen the impact analysis. It should increase the robustness of the evidence by including information from more countries on the feasibility and costs of the mandatory destruction of some types of foam banks. It should clarify the level of additional costs for the monitoring of illegal goods. For the measure that introduces a negative list for chemical production processes, it should expand on how this measure will lead to very significant economic costs for the limited emission reductions. The report should strengthen the analysis on the impacts on renovation costs, consumer prices and affordability for vulnerable consumers.

(3) The report should elaborate on differences across Member States as regards their contribution to remaining emissions. It should explain to what extent impacts are expected to differ across Member States, possibly depending on the geographical concentration of the most affected sectors, the historic use of products containing ODS and existing policies on waste management, including enforcement.

(4) The report should improve the comparison of options. It should be consistent on the scores allocated to each measure.

The Board notes the estimated costs and benefits of the preferred option in this initiative, as summarised in the attached quantification tables.

*Some more technical comments have been sent directly to the author DG.*

#### **(D) Conclusion**

**The DG may proceed with the initiative.**

**The DG must take these recommendations into account before launching the interservice consultation.**

**If there are any changes in the choice or design of the preferred option in the final version of the report, the DG may need to further adjust the attached quantification tables to reflect this.**

Full title	Impact assessment report accompanying the document Proposal for a Regulation of the European Parliament and of the Council on substances that deplete the ozone layer
Reference number	PLAN/2020/6630
Submitted to RSB on	2 June 2021
Date of RSB meeting	30 June 2021

## ANNEX – Quantification tables extracted from the draft impact assessment report

The following tables contain information on the costs and benefits of the initiative on which the Board has given its opinion, as presented above.

If the draft report has been revised in line with the Board’s recommendations, the content of these tables may be different from those in the final version of the impact assessment report, as published by the Commission.

<b>I. Overview of Benefits (total for all provisions) – Preferred Option</b>		
<b>Description</b>	<b>Amount</b>	<b>Comments</b>
<b>Direct benefits</b>		
Reduced ozone- and climate-relevant emissions	Emission saving: 32,000 tODP for 2021-2050 179 million tCO <sub>2</sub> e for 2021-2050	Almost exclusively from action on foams (option A1), in addition some contributions from better controls and monitoring (options B1, B2, B3, C1, C2, C4) and prohibiting halon destruction (A4)
Administrative cost reductions for business	Annual savings up to €216,000	For business, mostly from efficiency options Affects importers/exporters (B1, B5), laboratories and other entities doing analysis (B4), chemical industry (B1, B5) and aviation companies (B6)
Administrative cost reductions for authorities	Savings: 694 person days/a up until 2024, 254 person days/a from 2024 onwards; Annual IT costs of €31,500	EC: 574 person days/a until 2024, 254 person days/a thereafter, plus annual IT costs of €31,500 Member States: 120 person days until 2024
<b>Indirect benefits</b>		
Job creation	Up to 2400 FTEs	Recycling, reclamation and incineration entities
R&D	Innovation on demolition and treatment processes for foams Knock-on effects on refrigerators recycling	Recycling, reclamation and incineration entities

<b>II. Overview of costs – Preferred option</b>							
		Citizens/Consumers		Businesses		Administrations	
		One-off	Recurrent	One-off	Recurrent	One-off	Recurrent
<b>Action A1</b>	Direct costs	<i>Compliance costs:</i> Higher costs to		<i>Compliance costs:</i> Same as			

		building owners. Costs include: Recovery: ca. € 1050-1200/t; incineration €2500-3500/t; Total costs: 1.98 billion € distributed over a high number of owners; Abatement costs: €25,000–132,000 / tODP or 5.1-18.4 tCO <sub>2</sub> e		citizens if commercial building owner			
	Indirect costs						Enforcement costs for Member States; synergies with waste and circular economy policies
<b>Action A4</b>	Direct costs			<i>Compliance costs:</i> Halon equipment owner (e.g. aviation company, military etc.) Costs may arise if transport, reclamation and sale is higher than destruction	<i>Administrative costs:</i> Keeping of records for 5 years		
	Indirect costs						Enforcement costs for Member States
<b>Action B1</b>	Direct costs						
	Indirect costs					Changes	

						to IT system for EC	
<b>Action B2</b>	Direct costs			<i>Administrative costs:</i> Minimal higher cost to importers			
	Indirect costs						Enforcement costs for Member States
<b>Action B3</b>	Direct costs						
	Indirect costs			<i>Administrative costs:</i> Cost to acquire authorised trader status for importers	<i>Compliance costs:</i> Less flexibility on logistics for importers		Enforcement costs for Member States
<b>Action C1</b>	Direct costs				<i>Administrative costs</i> for reporting companies*: total €5,500 p/a		
	Indirect costs						
<b>Action C2</b>	Direct costs				<i>Administrative costs</i> for producers/ destruction companies/ feedstock users: total €20,000 p/a		
	Indirect costs						
<b>Action C4</b>	Direct costs				<i>Administrative costs</i> for reporting companies*: total €13,000 p/a		
	Indirect costs						
<b>Action</b>	Direct costs				<i>Administrative</i>		

<b>C5</b>					<i>ve costs</i> for reporting companies*: €25,000 p/a		
	Indirect costs						