

Energy efficiency under the Montreal Protocol

Discussion Paper

Objective

This paper aims to provide the EU with a basis for a discussion on energy efficiency under the Montreal Protocol (Protocol). The discussion should lead the EU to a common understanding of the meaning of energy efficiency and to a common position on its role under the Protocol. This paper does not lay down the German position on energy efficiency.

Background

Since the Kigali Amendment (KA), the Protocol provides for control measures for HFCs listed in Annex F. According to e.g. an UNEP and IEA study of 2020, the positive climate effect of the KA can be increased when implementation is linked with efforts to increase energy efficiency.¹ However, the KA neither determines objectives on energy efficiency nor does it determine obligations related to energy efficiency. When the conditions for KA implementation were specified, the ExCom was requested to develop cost guidance, essentially to avoid the funding of inefficient technology while phasing out of HFC.² Parties did not agree on measurable contributions of energy efficiency to climate mitigation.

Over the past years, there has been a continued discussion on energy efficiency under the Protocol, including the Multilateral Fund (MLF). This discussion has resulted in various decisions on the following topics:

- Requests to TEAP to provide information in its reports,
- Encouragements of Parties to take certain actions, and
- Requests to the ExCom to develop cost guidance.³

However, this continued discussion is not based on a common understanding among the Parties of the meaning of energy efficiency and its role under the Protocol. It is characterised by an avoidance of a decision on these overarching questions.

Activities on energy efficiency under the Protocol are not embedded in the framework of the Protocol that determines control measures as well as reporting obligations for HFC. Therefore, the Protocol allows to assess Parties' compliance and to measure the success of the control measures. For energy efficiency, there are currently neither specific targets nor tools to measure the success of activities.

Up to now, the EU and its MS have not agreed on a mid- and long-term position on energy efficiency under the Protocol. This bears the risk that other Parties set the agenda and decide on financial

¹ https://backend.orbit.dtu.dk/ws/portalfiles/portal/247572967/Full_Cooling_Synthesis_Report.pdf

² Para 22 of Decision XXVIII/2 related to the amendment phasing down hydrofluorocarbons

³ Relevant decisions:

(2016): Decision XXVIII/3: Energy efficiency

(2017): Decision XXIX/10: Issues related to energy efficiency while phasing down hydrofluorocarbons

(2018): Decision XXX/5: Access of parties operating under paragraph 1 of Article 5 of the Montreal Protocol to energy-efficient technologies in the refrigeration, air-conditioning and heat-pump sectors

(2019): Decision XXXI/7: Continued provision of information on energy-efficient and low-global-warming-potential technologies

(2021): Decision XXXIII/5: Continued provision of information on energy-efficient and low-global-warming-potential technologies

(2022): Decision XXXIV/3: Enabling enhanced access and facilitating the transition to energy-efficient and low- or zero-global-warming-potential technologies

flows. As a result, the EU and its MS may miss an opportunity to increase the contribution of the Protocol to mitigate climate change while avoiding unnecessary interim solutions, i.e. the use of PFAS.

Questions for discussion

To come to a common understanding and agree on a position, the EU and its MS could start by discussing the questions below. For these questions, it is necessary to discuss whether next steps would be taken by the MOP or the ExCom.

1. Which role should the Protocol have to improve energy efficiency internationally?
Examples: Separate targets, co-benefit of HFC phase-down, etc.
2. Which measurable energy efficiency targets could be pursued under the Protocol?
The Protocol aim to phase-out HFCs. It may be challenging to set an equally clear and measurable targets for energy efficiency.
3. What should be the link between energy efficiency and the control measures for HFC?
Example: Policy and financing focus on energy efficiency of equipment operating without controlled substances to avoid financing of energy efficiency activities for substances that need to be reduced
4. What should energy efficiency under the Protocol refer to?
Examples: refrigerant, equipment and installations, production process, buildings, etc.
5. What could decisions address and achieve related to energy efficiency?
Examples: Policies like efficiency standards or labelling, conditions for financing of support projects on energy efficiency, etc.
6. How should the link to the climate regime and other fora/organisations be established?
There are discussions on energy efficiency under different fora, especially on energy efficiency goals under the climate regime. Such discussions should not be duplicated or contradictory. It may be necessary to formalise further coordination activities, including of the Secretariat and the MLF.
7. How should the relationship between energy efficiency and other goals be shaped, including when selecting projects for funding?
Examples: environmental impacts, safety, toxicity, climate impact of refrigerants, etc.
8. How can financing of energy efficiency projects that promote solutions not supported by the EU be avoided, e.g. that promote PFAS solutions?
Examples: Internalise policy preferences in the MLF funding practice, financial incentives/solutions outside the MLF, etc.

The EU already has a policy framework for energy efficiency, consisting in particular of the Energy Efficiency Directive and the Ecodesign Directive. Some of the targets and requirements may be worth discussing at international level, but need to be set in context of the Protocol. More coordination between energy efficiency activities and HFC phase down may be necessary at EU and MS level.

Entry points for agenda setting

The EU could feed in its considerations and position into the following discussions:

- OEWG 45: Follow-up discussion on Decision XXXIV/3 (Replenishment Decision does not address areas of funding)
- Workshop on Energy Efficiency on 22 October 2023 in Nairobi
- ExCom: Discussion on energy efficiency cost guidelines and funding of individual projects