

Environment Agency charge proposal:

fluorinated greenhouse gases (F Gas) and ozone depleting substances (ODS)

December 2024

We are the Environment Agency. We protect and improve the environment.

We help people and wildlife adapt to climate change and reduce its impacts, including flooding, drought, sea level rise and coastal erosion.

We improve the quality of our water, land and air by tackling pollution. We work with businesses to help them comply with environmental regulations. A healthy and diverse environment enhances people's lives and contributes to economic growth.

We can’t do this alone. We work as part of the Defra group (Department for Environment, Food & Rural Affairs), with the rest of government, local councils, businesses, civil society groups and local communities to create a better place for people and wildlife.

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# Foreword

The Environment Agency carries out a wide range of regulatory services. They are fundamental to how we protect the environment. These include flood and coastal erosion risk management, regulation of water quality and abstraction, waste, pollution prevention and navigation.

We know it works - England is a much cleaner, greener place because of our activities.

We charge the businesses we regulate for the compliance work we carry out. We are committed to making sure our charges are fair and transparent. We want them to reflect the full cost of the chargeable services we provide.

To achieve this, for fluorinated greenhouse gases (F Gas) and ozone depleting substances (ODS), we propose to introduce a new charging scheme to make sure we fully recover the cost of our activities.

# Introduction

The Environment Agency administers the fluorinated greenhouse gases (F Gas) and ozone depleting substances (ODS) online services on behalf of England, Scotland and Wales. We use an annual quota and licensing system to make sure national and international obligations are met for the levels of controlled substances being imported and exported.

Our role is to manage businesses registering on these services. This involves:

* calculating quota and managing quota transactions
* determining licence applications
* reviewing annual reports
* working with businesses and HM Revenue & Customs to ensure ongoing compliance with the scheme
* providing guidance and a helpdesk

‘Quota’ is the amount of controlled substances that can be imported or produced in England, Scotland and Wales. This is described as equivalent tonnes of carbon dioxide for F Gas, and mass for ODS.

These activities, including the information technology developed to replace the EU services, have been government funded and are free for businesses to use.

The number of businesses using the F Gas and ODS services has increased, and the government funding we receive to manage these services is no longer sufficient. We will not be able to continue providing the same level of service without introducing charges to fully recover our costs.

This consultation sets out our new charging proposals for F Gas and ODS and we invite you to share your views.

### Purpose of regulation

The regulation of F Gas and ODS are subject to the Montreal Protocol. This is an international agreement committed to phasing out ODS and reducing use of F Gas. F Gas are powerful greenhouse gases that replace ODS. By reducing their use this helps towards achieving the government commitment towards Net Zero.

Currently, F Gas and ODS are subject to the [Ozone-Depleting Substances and Fluorinated Greenhouse Gases (Amendment etc.) (EU Exit) Regulations 2019](https://www.legislation.gov.uk/uksi/2019/583/made) (F Gas and ODS Regulations). These regulations control the production, import, export and use of F Gas and ODS. They effectively transpose the [EU Regulations](https://www.legislation.gov.uk/eur/2009/1005/contents) so that the requirements continue to satisfy the Montreal Protocol.

### The principles we follow

The proposals we have outlined in this consultation make sure that:

* people only pay for the regulatory service they receive
* we will recover our costs of regulation
* we will not need to use additional taxpayer funds to support our regulatory work

In this consultation our considerations include the need to make sure:

* our costs are reflected in our charges and align with HM Treasury rules in the guidance [managing public money](https://www.gov.uk/government/publications/managing-public-money)
* we have regard to the desirability of promoting economic growth (under section 108 of the [Deregulation Act 2015](https://www.legislation.gov.uk/ukpga/2015/20/contents/enacted)) when we carry out our regulatory activities
* our regulatory activities are transparent, accountable, proportionate, consistent, and targeted only at cases where action is needed (in line with the [Legislative and Regulatory Reform Act 2006](https://www.legislation.gov.uk/ukpga/2006/51/introduction))
* we follow the Regulators’ Code (as required under section 22 of the [Legislative and Regulatory Reform Act 2006](https://www.legislation.gov.uk/ukpga/2006/51/introduction))

## What we are consulting on

We are seeking to recover the full cost of our services through charges. We have reviewed our activities to assess the cost of delivering our services, inflationary pressures and incorporating the cost of new services that will allow us to continue to effectively regulate.

For F Gas we propose to introduce charges for:

* new registration from April 2025
* annual subsistence

For ODS we propose to introduce charges for:

* new registrations from April 2025
* new applications for import export licences and quota
* laboratory ODS service declaration (LabODS)
* annual subsistence

### About this consultation

We would like your views on the proposed charges for F Gas and ODS. The consultation includes:

* this consultation document which lays out the proposals for our new charging scheme
* the draft charging scheme
* a guide explaining how we calculate our charges

The documents are available on the Environment Agency’s consultation web site, Citizen Space: <https://consult.environment-agency.gov.uk/environment-and-business/f-gas-ods>

### What we aim to achieve

We have considered our charges against the need to fulfil our regulatory duties. We know our charges can affect those we regulate so we have considered our proposals carefully. We are always interested to hear how you think we can regulate more fairly, while safeguarding the environment more effectively.

Our aim is to achieve a consistent and transparent approach in how we charge for regulating F Gas and ODS.

Inflationary increase to charges

We propose to update our charges annually in line with inflation so that we maintain full cost recovery. All charges and fees for F Gas and ODS will be updated annually on 1 April. We will calculate updated charges based on the Office for National Statistics (ONS) measure of Consumer Price Index (CPI) inflation, using the figure they publish on 30 September in the immediately preceding year. The inflationary increase to these charges will be equal to or less than this measure. Increases will be less if we believe our increased costs do not equate to the CPI measure.

We have chosen the CPI measure as this is widely recognised, understood, and accepted as a measure of cost inflation. It is used by:

* economic regulators to set regulated charges
* government to set taxes and benefits
* employers in wage bargaining
* private sector companies to set payment amounts in business contracts

We therefore believe it is the most appropriate measure of the increases in our own costs. If we believe our charges need to increase by more than the CPI, we will commence another review, seek HM Treasury approval, and carry out a public consultation.

### Our powers to charge

Charging powers under section 41 and section 42 of the [Environment Act 1995](https://www.legislation.gov.uk/ukpga/1995/25/contents) enable us to introduce new charges for F Gas and ODS as set out in the [F Gas and ODS Regulations](https://www.legislation.gov.uk/uksi/2019/583/made).

This work includes:

* managing and checking customer registrations on the F Gas and ODS services
* assessing applications for ODS import and or export licences and laboratory and analytical use of [ODS (LabODS) declarations](https://www.gov.uk/guidance/register-to-use-ozone-depleting-substances-for-laboratory-or-analytical-purposes)
* calculating and allocating quotas and managing quota transactions
* reviewing annual reports and carrying out compliance checks
* providing a helpdesk
* compiling and submitting reports to the United Nations as required by the Montreal Protocol

If you plan to use ODS for laboratory or analytical uses, you must register on the [LabODS service](https://www.gov.uk/guidance/register-to-use-ozone-depleting-substances-for-laboratory-or-analytical-purposes) and submit a declaration.

# New charging proposals for F Gas and ODS

## F Gas charging proposals

F Gas such as hydrofluorocarbons (HFC), are predominantly used in commercial and industrial refrigeration, air-conditioning, and heat pumps, as well as in the production of medical inhalers.

We will share information about registrations and quota with customs authorities. This will make sure imported goods are legal and can pass the borders of England, Scotland and Wales.

From 1 April 2025:

* businesses wishing to use the F Gas service are required to register with us, and any new registrations from this date will be chargeable
* all businesses registered on the F Gas service will be subject to an annual subsistence charge

### F Gas charging proposals: registration charge

Businesses can use the F Gas service to manage their quota, quota authorisations and delegations, as well as report on their annual activities.

The proposed charge for registering on the F Gas service is £364.

#### Question 1: Do you agree or disagree with the proposed F Gas registration charge?

* strongly agree
* agree
* neither agree nor disagree
* disagree
* strongly disagree
* do not know
* not applicable

Why do you think this?

### F Gas charging proposals: annual subsistence charge

The proposed annual subsistence charge will allow us to:

* manage quota applications and transactions, including new entrant quota
* calculate incumbent quota holder reference values every 3 years (bulk HFC importers and or producers only)
* process and review annual reports
* operate a helpdesk to respond to queries from registered businesses
* carry out risk-based compliance audit work to ensure businesses are complying with the regulations
* compile and submit reports to the United Nations annually in line with our international obligations

The proposed annual subsistence charge is £1,228.

#### Question 2: Do you agree or disagree with the proposed F Gas annual subsistence charge?

* strongly agree
* agree
* neither agree nor disagree
* disagree
* strongly disagree
* do not know
* not applicable

Why do you think this?

## ODS charging proposals

ODS such as chlorofluorocarbons and hydrochlorofluorocarbons, are used in specialist industrial chemical manufacturing as well as in fire-extinguishers.

We will share information about registrations and licences with customs authorities. This will make sure imports and exports are legal and can pass the borders of England, Scotland and Wales.

### ODS charging proposals: registration charge

Businesses involved in the import, export or production of ODS, or use of ODS for essential laboratory or analytical uses, will be required to register with us on the ODS service.

We propose that any new registrations from 1 April 2025 will be chargeable. The proposed charge for registering on the ODS service is £258.

#### Question 3: Do you agree or disagree with the proposed charge for registering on the ODS service?

* strongly agree
* agree
* neither agree nor disagree
* disagree
* strongly disagree
* do not know
* not applicable

Why do you think this?

### Import or export licence application charges

We propose 2 application charges for:

* standard import or export licences
* multi-shipment import or export licences

All businesses must be registered on the ODS service before they can apply for either of the ODS import or export licences for England, Scotland and Wales. For more information on import or export licences please refer to [ozone depleting substances guidance](https://www.gov.uk/guidance/applying-for-a-licence-to-import-or-export-ozone-depleting-substances) for users producers and traders.

A licence is also needed to trade all groups of [regulated ODS](https://www.gov.uk/guidance/ozone-depleting-substances-ods) (except Part A and Part B substances) with Jersey, Guernsey and the Isle of Man.

#### Standard import or export licence application charge

The standard import or export licence application charge will cover the cost of our activities to assess and process the licence applications for those imports and exports.

The proposed ODS application charge for a standard import or export licence is £72.

#### Question 4: Do you agree or disagree with the proposed ODS standard import or export licence application charge?

* strongly agree
* agree
* neither agree nor disagree
* disagree
* strongly disagree
* do not know
* not applicable

Why do you think this?

#### Multi-shipment import or export licence application charge

Aircraft importers or aircraft service providers in England, Scotland and Wales, will need an ODS multi-shipment licence for:

* import of an aircraft containing halons for critical use into England, Scotland and Wales
* export of an aircraft containing halons for critical use outside of England, Scotland and Wales
* import of critical use halons for an aircraft into England, Scotland and Wales
* export of critical use halons for an aircraft outside of England, Scotland and Wales

The multi-shipment licence charge will cover the costs of processing and maintaining these multi-shipment licences.

A multi-shipment licence is not required if you import or export halons in aircraft under temporary admissions procedures for less than 45 days.

The proposed ODS multi-shipment import or export licence application charge is £124.

#### Question 5: Do you agree or disagree with the proposed ODS multi-shipment import or export licence application charge?

* strongly agree
* agree
* neither agree nor disagree
* disagree
* strongly disagree
* do not know
* not applicable

Why do you think this?

### ODS charging proposals: LabODS declaration charge

If you plan to use ODS for laboratory or analytical uses, you must register on the [LabODS service and submit a declaration](https://www.gov.uk/guidance/register-to-use-ozone-depleting-substances-for-laboratory-or-analytical-purposes).

A LabODS declaration specifies the anticipated annual requirement by businesses using ODS for laboratory and analytical purposes. Businesses submitting a LabODS declaration from 1 April 2025 will be charged a fee, however, no registration or annual subsistence charge will be applicable.

This service can also be used by ODS importers to check businesses have made a valid [LabODS declaration](https://www.gov.uk/guidance/check-a-laboratory-ozone-depleting-substances-number) and can be supplied with the declared ODS substances, provided the total declared mass is not exceeded in the calendar year.

The proposed charge will cover the processing and maintenance of these declarations.

The proposed LabODS declaration charge is £476.

#### Question 6: Do you agree or disagree with the proposed LabODS declaration charge?

* strongly agree
* agree
* neither agree nor disagree
* disagree
* strongly disagree
* do not know
* not applicable

Why do you think this?

### ODS charging proposals: quota application charge

ODS is managed using a quota system to make sure the amount used can be controlled and minimised to satisfy the Montreal Protocol. Businesses who import and or produce ODS for use must hold ‘quota’, which can be:

* as feedstock
* as process agents
* for laboratory and analytical uses
* for critical uses

They must apply for quota from us through the ODS service for every calendar year in which import, or production of ODS occurs.

Businesses must be registered on the ODS service to apply for quota, which will attract a registration and subsequent annual subsistence fee from 1 April 2025.

The proposed ODS quota applications charge is £269.

#### Question 7: Do you agree or disagree with the proposed ODS quota applications charge?

* strongly agree
* agree
* neither agree nor disagree
* disagree
* strongly disagree
* do not know
* not applicable

Why do you think this?

### ODS charging proposals: annual subsistence charge

All businesses registered on the ODS service will be subject to an annual subsistence charge from 1 April 2025.

We propose to introduce an annual subsistence charge for all businesses who are registered on the ODS service. The proposed charge will allow us to:

* process and review annual reports
* operate a helpdesk to respond to queries from registered businesses
* carry out risk-based compliance audit work to ensure businesses are complying with the regulations
* compile and submit reports to the United Nations annually in line with our international obligations

The proposed ODS annual subsistence charge is £1,072.

#### Question 8: Do you agree or disagree with the proposed ODS annual subsistence charge?

* strongly agree
* agree
* neither agree nor disagree
* disagree
* strongly disagree
* do not know
* not applicable

Why do you think this?

### Economic appraisal

The impact of the new charges for F Gas and the changes in charges for ODS are expected to be minimal.

1. For F Gas, the effect on annual turnover and gross profit from the new charges is generally minimal. However, there may be some exceptions where the impact is more significant. The size of the firm could also be a factor, with smaller firms potentially experiencing slightly higher effects.
2. For ODS, for businesses of different sizes, the impact of the changes to the charge is expected to be minimal. Where businesses have a below-average annual turnover or very low gross profits, the effects should not be onerous.

### Additional comments about the F Gas and ODS charging proposals

#### Question 9: Please share any additional comments or suggestions you may have about our F Gas and ODS charging proposals.

## Additional questions

We would like to keep you informed about the outcomes of this consultation. For further information on privacy and how we will use your information please refer to the ‘Responding to this consultation’ section at the end of this consultation document.

#### If you would like to receive emails acknowledging your response and or telling you when we have published the summary of responses, please select from:

* yes, I would like to receive an email acknowledging my response
* yes, I would like to receive an email to let me know the consultation response document is published

If you have selected any of the above, please tell us your email address:

#### Can we publish your response? We will not include personal information.

This is a required question, please tick one of the following:

* yes
* no

If you answered no, please tell us why below as we will need to understand this when responding to any Freedom of Information requests.

To help us analyse and assess the consultation responses, we would like you to answer a few questions about:

* you or your organisation
* your business

#### Please tell us if you are responding as an individual or on behalf of an organisation or group. Select one answer only from the following options:

1. responding as an individual
2. responding on behalf of an organisation or group
3. other

If you selected (b) ‘responding on behalf of an organisation or group’, please tell us the name of your organisation or group:

If you selected (c) 'other' please specify:

#### Please tell us if you are responding to

* F Gas only
* ODS only
* Both F Gas and ODS

#### Please tell us how you found out about this consultation:

* from Environment Agency
* from another organisation
* through an organisation, group or trade association you are a member of
* press article
* social media, for example, Facebook
* through a meeting you attended
* other (please specify below)

# Responding to this consultation

This consultation runs for 8 weeks from 19 December 2024 until midnight on 13 February 2025.

### How to respond

You can view the consultation and supporting documents on Citizen Space, which is the Environment Agency’s consultation website, using this link <https://consult.environment-agency.gov.uk/environment-and-business/f-gas-ods>.

The consultation will close on 13 February 2025. We will consider all responses received by this date before finalising our proposals to submit for approval by government.

Please submit your response on Citizen Space, as this provides an easy and efficient way to respond. It will also help us to:

* gather all responses in one place
* summarise responses quickly and accurately
* reduce the cost of the consultation

#### Respond by email

If you prefer, you can submit your response by email using the response form, which you will find under the ‘Related’ section of the consultation on Citizen Space. Please email your response form with the subject header of ‘Charges consultation: F Gas ODS’ to enquiries@environment-agency.gov.uk.

#### Ask for a copy of the consultation document

Contact us if you would like a copy of the consultation document sent to you. You can do this by contacting our Greenhouse gas helpdesk email enquiries@environment-agency.gov.uk.

#### How we will use your information

After the consultation has closed, the Environment Agency will summarise responses in a consultation response document and make this publicly available on GOV.UK. We may include comments or quotes, unless you specifically request that we keep your response confidential.

We will not publish names of individuals who respond, or personal data, but we will publish the name of the organisation for those responses made on behalf of organisations. We will not respond individually to responses. If you have asked to be notified, we will contact you to let you know when the consultation response document is published.

In accordance with the Freedom of Information Act 2000, we may be required to publish your response to this consultation but will not include any personal information. If you have requested your response to be kept confidential, we may still be required to provide a summary of it.

### Privacy notice

The Environment Agency would like to keep you informed about the outcomes of this consultation. If you would like to receive an email acknowledging your response and telling you when we have published the consultation response document, please provide your email address with your response.

By giving us your email address, you consent for us to email you about the consultation. We will keep your details until we have notified you of the response document publication.

We will not share your details with any other third party without your clear and full consent, unless required to by law.

You can withdraw your consent to receive these emails at any time by contacting us at: enquiries@environment-agency.gov.uk.

The Environment Agency is the data controller for the personal data you provide. For more information on how we deal with your personal data please see our [personal information charter](https://www.gov.uk/government/organisations/environment-agency/about/personal-information-charter) on GOV.UK.

You can email our Data Protection team: dataprotection@environment-agency.gov.uk.

#### Publishing our consultation response

We aim to publish our response to the consultation on GOV.UK within 12 weeks of this consultation closing and before we implement any changes. A link to this document will be added to the consultation page of Citizen Space.

#### Consultation principles

We are running this consultation in accordance with the guidance set out in the government's consultation principles. If you believe the consultation has not been run in accordance with these principles, please email consultation.enquiries@environment-agency.gov.uk.

Otherwise, for all other queries or complaints relating to this consultation please email enquiries@environment-agency.gov.uk.

# **Would you like to find out more about us or your environment?**

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