New EU Batteries Regulation: Delivering on the Strategic Action Plan on Batteries

Supporting a sustainable, competitive and innovative battery value chain in Europe
About RECHARGE

RECHARGE is the decisive voice for the advanced rechargeable* and lithium battery value chain in Europe.

It is our mission to ensure an international level playing field based on innovative, competitive and sustainable batteries by promoting:

- Environmental-friendly design, manufacturing and end-of-life management of batteries
- Safe manufacturing, usage, storage and transport of batteries
- Social responsibility along the entire battery value chain

*advanced rechargeable battery chemistries such as next-generation zinc-, nickel- or sodium-based technologies
ADVANCED RECHARGEABLE BATTERIES ARE A STRATEGIC IMPERATIVE FOR THE INDUSTRIAL AND SOCIAL REVOLUTION TOWARDS A MORE EMPOWERED AND SUSTAINABLE SOCIETY.
Commission Proposal: The next milestone in delivering on the Strategic Action Plan on Batteries

European policymakers are now in the unique position to translate the EU’s vision for sustainable, innovative and competitive batteries “made in Europe” into a meaningful legislative framework that will close the gaps in existing legislation and can level the playing field with international actors.

1. Support the competitiveness potential of the European battery ecosystem

2. Lean and Coherent Legislation

3. Value Chain Approach
Today’s Regulatory Battery Framework

MANUFACTURING
- Batteries Directive
- Chemicals safety - REACH, RoHS
- Workers protection - OSH
- Local permits
- ETS/CBAM

EXTRACTION & REFINING
- Chemicals safety - REACH
- Local permits
- ETS/CBAM
- Workers protection - OSH
- Voluntary ILO Principles
- Voluntary Due Diligence Guidance
- UN SDGs
- Trade treaties

TRANSPORT
- UN transport regulation
- National transport legislation

USE
- Product safety
- Labelling
- CE
- Declaration/PoM

END-OF-LIFE
- Batteries Directive
- WFD, WEEE, ELVD, WSR
- UN and national transport regulation
Industry’s Assessment of the Batteries Regulation in a nutshell

RECHARGE welcomes:

1. Recognition of batteries’ strategic role
2. Relevant updates
3. Objective to create coherence
4. Legal basis creating a high level of predictability
5. Inclusion of additional key sustainability pillars:
   - CO2 footprint
   - Due Diligence
   - Battery Passport
   - Green public procurement

In light of “Better Regulation”, RECHARGE proposes to:

1. Ensure feasible timelines
2. Strengthen enforcement and level playing field
3. Hold high the industry’s extensive safety approach
4. Harmonize overlaps within Batteries Regulation/with other frameworks
5. Reduce complexity by focusing on real-benefits provisions
6. Reduce complexity for niche and small-series batteries
Towards a future-proof Batteries Regulation

1. ENSURE FEASIBLE TIMELINES

• A timely yet robust implementation is crucial for this cornerstone legislation.

• Generally, the Batteries Regulation should set clear and feasible transition periods (grandfather rule), especially for legacy spare parts, batteries produced as part of long-term contracts, …

• Also, certain deadlines between the proposed Batteries Regulation and the respective implementing acts pose a real challenge to compliance.
  • This is especially the case for establishing the technically challenging calculation methodologies for the carbon footprint, the recycling content or for the new recycling efficiencies – all subject to an early declaration obligation.
  • Provisions directly or indirectly impacting the production or recycling process require a minimum 12-month transition phase for proper implementation at manufacturing and recycling line level.
Towards a future-proof Batteries Regulation

2. STRENGTHEN ENFORCEMENT

• The effectiveness of the new European battery rules will depend on the level of enforcement → RECHARGE recommends incorporating a dedicated paragraph.

• Several provisions are prone to become paper tigers without relevant enforcement.

• In addition, all actors - inside or outside the EU - must be subject to the same standards.
  
  • In view of potential unfair practices, non-EU 3rd-party auditing bodies must apply the same auditing standards - and may require an accreditation at EU level. Article 41 (2) does not sufficiently clarify if the conformity assessment procedure carried out by non-EU manufacturers complies with the requirements as laid out in articles 25 (3-11).

  • Developing a robust definition of “equivalent conditions for recycling outside the EU” (Article 58 (3)) needs to be a priority, requiring a clear time reference by when related criteria must have been established.
Towards a future-proof Batteries Regulation

3. HOLD HIGH THE INDUSTRY’S EXTENSIVE SAFETY APPROACH

Batteries are electro-chemical devices that have been carefully designed to meet the specific technical requirements of a certain application or equipment. To ensure their safety at all times, batteries feature a comprehensive safety approach, based on the following safety levels:

- Battery design
- Battery-Device optimization
- Electronics
- Battery Management System

To uphold the extensive safety approach applied by the European battery industry, we call upon policymakers to refrain from any wording that encourages the manipulation of batteries and their safety levels:

- Unqualified persons must be prevented from removing, replacing, repairing or remanufacturing a battery
- Contradictions to existing safety standards/legislation must be avoided in the Batteries Regulation
- Any battery - first or second use - should be subject to product certification, safety testing or production process control.
Towards a future-proof Batteries Regulation

4. HARMONIZE OVERLAPPING PROVISIONS WITH OTHER REGULATORY FRAMEWORKS

We welcome that the Batteries Regulation has the clear objective of creating coherence with other regulatory frameworks, such as REACH, OSH, WFD or WSR. Therefore, current overlaps in the Batteries Regulation should be amended to give priority to overarching, horizontal legislation.

**Articles 6 and 71 - Chemicals Management:**

Batteries are recognized as articles that do not present a chemicals exposure risk to consumers or the environment during the use phase. Exposure risks are limited to the workplace only.

- Therefore, the **assessment of substances used in batteries should remain subject to the responsible horizontal chemicals management frameworks**, especially OSH.

- A **product-specific restriction mechanism**, as described under article 6 (2), and respectively article 71, **leads to triple regulation** (OSH, REACH, Batteries Regulation) and would unnecessarily **drive up costs of batteries, as well as of ECHA** (see financial statement)

- A **holistic chemicals management regime** would be more **effective**.
4. HARMONIZE OVERLAPPING PROVISIONS WITHIN THE BATTERIES REGULATION

End-of-life management:

- The draft Batteries Regulation features extensive waste management actions, such as second life, recycling efficiency targets, material recovery targets and a recycled content obligation. In view of the fast developments in the batteries industry and the relatively low waste volumes today, circular economy measures should:
  - Always create a true environmental benefit
  - Not overburden the industry
  - Take into consideration best available techniques not exceeding excessive cost
  - Must not create contradicting conditions

- Flexible solutions are expected to create greater effectiveness in the batteries industry than too stringent measures that risk blocking the market, such as mandatory recycled content before 2030.

- The draft Batteries Regulation is a unique opportunity to eventually adapt the outdated batteries definition to WEEE and ELV, and calculate the recycling target for batteries based on the same concept: the weight of components sent for recycling in the specialized recycling companies is accounted for in the Recycling Efficiency.
Towards a future-proof Batteries Regulation

4. HARMONIZE OVERLAPPING PROVISIONS WITHIN THE BATTERIES REGULATION

Information provisions:

- The extensive information, labelling, declaration and auditing provisions under articles 13, 18, 60, 61, 64, 65 as well as article 7, 8 and 39 should be streamlined to reduce administrative and procedural challenges – for both industry and authorities.

- An electronic battery passport capable of respecting IP rights and with dedicated access levels for each stakeholder group represents a unique opportunity to simplify such obligations and to establish a central point of information, where possible.
Towards a future-proof Batteries Regulation

5. REDUCE COMPLEXITY BY FOCUSING ON REAL-BENEFIT PROVISIONS

Unfortunately, several provisions do not withstand the effectiveness test under real-world conditions, leading to obsolete, redundant or hampering requirements.

Article 8 - Recycled content:

Because of the limited environmental benefits and the disproportionate burden for controlling, verifying and enforcing article 8, recycled content should only start on a voluntary basis. More effective, however, would be to replace the recycling content provision by an ambitious definition of End-of-Recycling (EoR). Both are means to drive recycling quality, with recycled content being the more burdensome option:

• The inception impact assessment has shown that the environmental benefits of recycled content for batteries are limited. The clear conclusion was that the battery market is not yet mature enough for recycled content. EoR would drive quality recycling, independent of the waste volumes.

• Article 8 disproportionately benefits non-European battery manufacturers. Battery waste has reached significant volumes in Asia, making it easier for Asian companies to access recycled battery materials. Additionally, auditing of non-EU secondary material supply chains will be very challenging.

• Contrary to plastics, metals recycling has an economic value if the waste quantities reach industrial scale. A premature recycled content obligation does not accelerate waste recycling. In turn, it is expected that it will increase battery costs.
5. REDUCE COMPLEXITY BY FOCUSING ON REAL-BENEFIT PROVISIONS

Article 59 - Second life:

- 2\textsuperscript{nd} life must be a market-driven decision, based on technical feasibility, performance and cost, and should not be a regulated requirement. Article 59 is an important step forward to facilitate second life, however.

- Nonetheless, Article 59 does not sufficiently:
  
  - Protect from safety risks: It is in this context, that articles §59 (1) and 60 (1a) need to be amended to prevent unqualified persons from manipulating a battery, and to avert potential safety risks.
  
  - Protect the property rights, especially intellectual value, of the first manufacturer: Additional provisions need to be made to regulate the transfer of data from the battery management system.
Towards a future-proof Batteries Regulation

5. REDUCE COMPLEXITY BY FOCUSING ON REAL-BENEFIT PROVISIONS

Article 48 – Collection of waste portable batteries:

The significantly higher targets for collecting waste portable batteries are practically not achievable based on the existing calculation methodology.

• The current calculation method is suitable for products with short lifecycles but not for batteries. Portable batteries are a strongly growing market and battery lifetimes have increased significantly over the past years.

• An “available for collection” approach must be implemented to account for the losses caused by export, hibernation, hoarding or incorrect disposal and to reflect the waste profile of batteries.

• In general, article 48 must better recognize the role that end users have in disposing of waste batteries.
Towards a future-proof Batteries Regulation

6. REDUCE COMPLEXITY FOR NICHE AND SMALL-SERIES BATTERIES

Certain measures create a disproportionate administrative and cost burden on niche or small-series batteries.

- In view of their low volumes, batteries produced up to 1,000 units per year as well as batteries below 20 kWh should be excluded from the scope of articles 7, 8, 39, 59 and 65. The administrative burdens are not in relation to the volumes placed on the market.

- The BMS obligation in article 14 is too technology-specific to be achievable for all industrial battery types. Batteries that are not suitable for second life should be excluded from the scope.

- Article 59 is, again, too technology-specific to be achievable for all lithium-based battery chemistries. The economic burden of complying with article 57 would basically drive certain chemistries off the market.
Thank you

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